

# Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm) for list of current NRMSIRs and SIDs

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## IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

Provide name of bond issue exactly as it appears on the cover of the Official Statement (please include name of state where issuer is located):

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Provide nine-digit CUSIP\* numbers if available, to which the information relates:

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## IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located): State of Utah, Utah and the State Building Ownership Authority, Utah

Other obligated Person's Name (if any): \_\_\_\_\_

(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP\* number(s), if available, of Issuer: 917542, 917547

\*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

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## TYPE OF FILING:

☒ Electronic (number of pages attached) 283 ☐ Paper (number of pages attached) \_\_\_\_\_

If information is also available on the Internet, give URL: <http://www.finance.utah.gov/main>

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**WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)**

**A. ☒ Annual Financial Information and Operating Data pursuant to Rule 15c2-12**

(Financial information and operating data should not be filed with MSRB.)

**Fiscal Period Covered:** December 31, 2007

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**B. ☒ Audited Financial Statements or CAFR pursuant to Rule 15c2-12**

**Fiscal Period Covered:** June 30, 2007

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**C. ☐ Notice of Material Event pursuant to Rule 15c2-12 (Check as appropriate)**

- |  |  |
|--|--|
| 1. <input type="checkbox"/> Principal and interest payments delinquencies                                | 6. <input type="checkbox"/> Adverse tax opinions or events affecting the tax-exempt status of the security   |
| 2. <input type="checkbox"/> Non-payment related defaults   | 7. <input type="checkbox"/> Modifications to the rights of security holders                                  |
| 3. <input type="checkbox"/> Unscheduled draws on debt service reserves reflecting financial difficulties | 8. <input type="checkbox"/> Bond calls   |
| 4. <input type="checkbox"/> Unscheduled draws on credit enhancements reflecting financial difficulties   | 9. <input type="checkbox"/> Defeasances  |
| 5. <input type="checkbox"/> Substitution of credit or liquidity providers, or their failure to perform   | 10. <input type="checkbox"/> Release, substitution, or sale of property securing repayment of the securities |
|  | 11. <input type="checkbox"/> Rating changes  |

**D. ☐ Notice of Failure to Provide Annual Financial Information as Required**

**E. ☐ Other Secondary Market Information (Specify):** \_\_\_\_\_

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**I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:**

**Issuer Contact:**

Name Edward T. Alter

Title Utah State Treasurer

Employer State of Utah

Address Utah State Capitol Complex 350 North State Street Ste 180 (PO Box 142315)

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State UT Zip Code 84114-2315

Telephone 801.538.1042

Fax 801.538.1465

Email Address ealter@utah.gov

Issuer Web Site Address www.treasurer.utah.gov

**Dissemination Agent Contact, if any:**

Name \_\_\_\_\_

Title \_\_\_\_\_

Employer \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_

Fax \_\_\_\_\_

Email Address \_\_\_\_\_

Relationship to Issuer \_\_\_\_\_

**Obligor Contact, if any:**

Name \_\_\_\_\_

Title \_\_\_\_\_

Employer \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_

Fax \_\_\_\_\_

Email Address \_\_\_\_\_

Obligor Web Site Address \_\_\_\_\_

**Investor Relations Contact, if any:**

Name \_\_\_\_\_

Title \_\_\_\_\_

Telephone \_\_\_\_\_

Email Address \_\_\_\_\_

**Supplemental**  
**Continuing Disclosure Memorandum**

**Summary of Debt Structure and Financial Information**  
**SEC Rule 15c2-12**

**For**

**State of Utah**

**And The**

**State Building Ownership Authority of the State of Utah**



Filed with the  
Following Nationally Recognized Municipal  
Securities Information Repositories

Bloomberg Municipal Repository  
DPC Data Inc.

Interactive Data Pricing and Reference Data, Inc.  
Standard & Poor's Securities Evaluations, Inc.

Dated as of December 31, 2007  
Submission required by January 15, 2008

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## CONTACT PERSON FOR THE STATE OF UTAH

As of the date of this Supplemental Continuing Disclosure Memorandum, the chief contact person for the State of Utah (the “State”) is:

Edward T. Alter, Utah State Treasurer, and  
Board Member and Secretary of the Authority  
[eralter@utah.gov](mailto:eralter@utah.gov)  
Utah State Treasurer  
Utah State Capitol Complex  
350 North State Street Ste 180  
(PO Box 142315)  
Salt Lake City UT 84114–2315  
801.538.1042—Fax 801.538.1465

The State maintains an internet site that may be accessed at <http://www.utah.gov>. *The information available at this internet site is provided by the State in the course of its normal operations and has not necessarily been reviewed for accuracy or completeness. Such information is not a part of this Supplemental Continuing Disclosure Memorandum.*

When used herein the terms “Fiscal Year[s]” or “Fiscal Year[s] End[ed][ing] June 30, YYYY” shall refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding calendar year.

## THE ISSUES

**The State is providing continuing disclosure on the following 19 issues (8 general obligation bond issues and 11 lease revenue bond issues):**

### **General Obligation Bonds (issued by the State)**

1.

**\$75,000,000**  
**State of Utah**  
**General Obligation Bonds, Series 2007**

**Bonds dated: July 3, 2007—Bonds issued on July 3, 2007**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$75,000,000 General Obligation Bonds, Series 2007, dated July 3, 2007 (the “2007 GO Bonds”) were awarded pursuant to competitive bidding held June 19, 2007 to Citigroup Global Markets Inc., New York, New York; at a “true interest rate” of 4.01%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2007 GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York (“DTC”). DTC is currently acting as securities depository for the 2007 GO Bonds.

Principal of and interest on the 2007 GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

*Redemption Provisions.* The 2007 GO Bonds are not subject to redemption prior to maturity.

*Current Maturity Schedule.*

Current principal outstanding: \$75,000,000

Original issue amount: \$75,000,000

Dated: July 3, 2007

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2008 .....	NJ 7	\$ 8,600,000	4.00 %		2012 .....	NN 8	\$ 10,300,000	4.00 %
2009 .....	NK 4	8,950,000	4.00		2013 .....	NP 3	10,720,000	4.00
2010 .....	NL 2	10,185,000	5.00		2014 .....	NQ 1	11,215,000	5.00
2011 .....	NM 0	15,030,000	5.00					

*Bank Qualified Obligations.* The 2007 GO Bonds are not “bank qualified.”

*Security.* The 2007 GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2007 GO Bonds as to both principal and interest.

2.

**\$140,635,000**  
**State of Utah**  
**General Obligation Bonds, Series 2004B**

**Bonds dated: July 1, 2004—Bonds issued on July 1, 2004**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$140,635,000 General Obligation Bonds, Series 2004B, dated July 1, 2004 (the “2004B GO Bonds”) were awarded pursuant to competitive bidding held June 16, 2004 to Morgan Stanley & Co., New York, New York; as Senior Manager; with Bear, Stearns & Co., New York, New York; and JP Morgan Securities, New York, New York; as Co-Managers; at a “true interest rate” of 3.75%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004B GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York (“DTC”). DTC is currently acting as securities depository for the 2004B GO Bonds.

Principal of and interest on the 2004B GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

*Redemption Provisions.* The 2004B GO Bonds maturing on or prior to July 1, 2014, are not subject to optional redemption prior to maturity. The 2004B GO Bonds maturing on or after July 1, 2015, are subject to redemption at the option of the State on July 1, 2014, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, at a redemption price equal to 100% of the principal amount of the 2004B GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

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*Current Maturity Schedule.*

Current principal outstanding: \$111,630,000

Original issue amount: \$140,635,000

Dated: July 1, 2004

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2008 .....	MQ 2	\$ 9,970,000	5.00 %		2014 .....	MW 9	\$ 3,950,000	5.00 %
2009 .....	MR 0	11,180,000	5.00		2015 .....	MX 7	4,125,000	5.00
2010 .....	MS 8	25,755,000	5.00		2016 .....	MY 5	4,350,000	5.00
2011 .....	MT 6	30,600,000	5.00		2017 .....	MZ 2	4,550,000	5.00
2012 .....	MU 3	3,575,000	5.00		2018 .....	NA 6	4,800,000	5.00
2013 .....	MV 1	3,750,000	5.00		2019 .....	NB 4	5,025,000	5.00

*Bank Qualified Obligations.* The 2004B GO Bonds are not “bank qualified.”

*Security.* The 2004B GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2004B GO Bonds as to both principal and interest.

3.

**\$314,775,000**

**State of Utah**

**General Obligation Refunding Bonds, Series 2004A**

**Bonds dated: March 2, 2004—Bonds issued on March 2, 2004**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$314,775,000 General Obligation Refunding Bonds, Series 2004A, dated March 2, 2004 (the “2004A GO Bonds”) were awarded pursuant to negotiations held with Goldman, Sachs & Co., San Francisco, California; as Senior Manager; with Merrill Lynch & Co., Los Angeles, California; USB Financial Services Inc., New York, New York; George K. Baum & Co., Salt Lake City, Utah; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co-Managers; at a “true interest rate” of 3.48%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004A GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2004A GO Bonds.

Principal of and interest on the 2004A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

*Redemption Provisions.* The 2004A GO Bonds are not subject to redemption prior to maturity.

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*Current Maturity Schedule.*

Current principal outstanding: \$314,775,000

Original issue amount: \$314,775,000

Dated: March 2, 2004

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2010 .....	MC 3	\$ 39,310,000	4.00 %		2014 .....	MG 4	\$ 73,595,000	5.00 %
2011 .....	MD 1	40,830,000	4.00		2015 .....	MH 2	73,910,000	5.00
2012 .....	ME 9	11,245,000	5.00		2016 .....	MJ 8	57,405,000	5.00
2013 .....	MF 6	18,480,000	5.00					

*Bank Qualified Obligations.* The 2004A GO Bonds are not “bank qualified.”

*Security.* The 2004A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2004A GO Bonds as to both principal and interest.

4.

**\$407,405,000**  
**State of Utah**  
**General Obligation Bonds, Series 2003A**

**Bonds dated: June 26, 2003—Bonds issued on June 26, 2003**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$407,405,000 General Obligation Bonds, Series 2003A, dated June 26, 2003 (the “2003A GO Bonds”) were awarded pursuant to competitive bidding held, June 11, 2003 to Merrill Lynch & Co., New York, New York; at a “true interest rate” of 2.83%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2003A GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2003A GO Bonds.

Principal of and interest on the 2003A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

*Redemption Provisions.* The 2003A GO Bonds maturing on or prior to July 1, 2013, are not subject to optional redemption prior to maturity. The 2003A GO Bonds maturing on or after July 1, 2014, are subject to redemption at the option of the State on July 1, 2013, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, at a redemption price equal to 100% of the principal amount of the 2003A GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

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*Current Maturity Schedule.*

Current principal outstanding: \$293,425,000

Original issue amount: \$407,405,000

Dated: June 26, 2003

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2008 .....	LT 7	\$ 59,300,000	4.00 %		2013 .....	LY 6	\$ 55,300,000	5.00 %
2009 .....	LU 4	61,125,000	4.50		<del>2014 .....</del>	<del>LZ 3</del>	<del>18,500,000</del>	<del>5.00</del>
2010 .....	LV 2	50,025,000	5.00		<del>2015 .....</del>	<del>MA 7</del>	<del>16,000,000</del>	<del>5.00</del>
2011 .....	LW 0	15,100,000	5.00		<del>2016 .....</del>	<del>MB 5</del>	<del>57,785,000</del>	<del>5.00</del>
2012 .....	LX 8	52,575,000	5.00					

(~~Strike through~~) Principal and interest have been refunded by the 2004A GO Bonds.

*Bank Qualified Obligations.* The 2003A GO Bonds are not “bank qualified.”

*Security.* The 2003A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2003A GO Bonds as to both principal and interest.

5.

**\$253,100,000**  
**State of Utah**  
**General Obligation Refunding Bonds, Series 2002B**

**Bonds dated: July 15, 2002—Bonds issued on July 31, 2002**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$253,100,000 General Obligation Refunding Bonds, Series 2002B, dated July 15, 2002 (the “2002B GO Bonds”) were awarded pursuant to negotiations held with USB Paine Webber Inc., Seattle, Washington; as Senior Manager; with Bear, Stearns & Co. Inc., New York, New York; Goldman, Sachs & Co., San Francisco, California; George K. Baum & Co., Salt Lake City, Utah; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co-Managers; at a “true interest rate” of 3.80%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2002B GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2002B GO Bonds.

Principal of and interest on the 2002B GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

*Redemption Provisions.* The 2002B GO Bonds are not subject to redemption prior to maturity.

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*Current Maturity Schedule.*

Current principal outstanding: \$250,580,000

Original issue amount: \$253,100,000

Dated: July 15, 2002

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2008 .....	KU 5	\$ 29,455,000	5.25 %		2010 .....	KX 9	\$ 53,670,000	5.375 %
2009 .....	KV 3	30,835,000	5.375		2011 .....	KY 7	56,705,000	5.375
2009 .....	KW 1	20,000,000	5.00		2012 .....	KZ 4	59,915,000	5.375

*Bank Qualified Obligations.* The 2002B GO Bonds are not “bank qualified.”

*Security.* The 2002B GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2002B Bonds as to both principal and interest.

6.

**\$281,200,000**  
**State of Utah**  
**General Obligation Bonds, Series 2002A**

**Bonds dated: June 1, 2002—Bonds issued on June 27, 2002**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$281,200,000 General Obligation Bonds, Series 2002A, dated June 1, 2002 (the “2002A GO Bonds”) were awarded pursuant to competitive bidding held, June 12, 2002 to Salomon Smith Barney, New York, New York; as Senior Manager; with Banc One Capital Market, Inc., Chicago, Illinois; Bank of America Securities LLC, Charlotte, North Carolina; and Goldman, Sachs & Co., New York, New York; as Co-Managers; at a “true interest rate” of 3.92%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2002A GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2002A GO Bonds.

Principal of and interest on the 2002A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

*Redemption Provisions.* The 2002A GO Bonds maturing on or prior to July 1, 2012, are not subject to optional redemption prior to maturity. The 2002A GO Bonds maturing on or after July 1, 2013, are subject to redemption at the option of the State on July 1, 2012, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, upon not less than 30 days’ prior written notice at a redemption price equal to 100% of the principal amount of the 2002A GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

(The remainder of this page has been intentionally left blank.)

*Current Maturity Schedule.*

Current principal outstanding: \$23,600,000

Original issue amount: \$281,200,000

Dated: June 1, 2002

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2008 .....	KG 6	\$ 5,525,000	5.00 %		2012 .....	KL 5	\$ 0	0.00 %
2009 .....	KH 4	5,750,000	5.00		<del>2013 .....</del>	<del>KM 3</del>	<del>—6,650,000</del>	<del>5.25</del>
2010 .....	KJ 0	6,000,000	5.00		<del>2014 .....</del>	<del>KN 1</del>	<del>—29,350,000</del>	<del>5.25</del>
2011 .....	KK 7	6,325,000	5.25		<del>2015 .....</del>	<del>KP 6</del>	<del>—58,200,000</del>	<del>5.25</del>

(~~Strike through~~) Principal and interest have been refunded by the 2004A GO Bonds.

*Bank Qualified Obligations.* The 2002A GO Bonds are not “bank qualified.”

*Security.* The 2002A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2002A GO Bonds as to both principal and interest.

7.

**\$348,000,000**  
**State of Utah**  
**General Obligation Bonds, Series 2001B**

**Bonds dated: June 1, 2001—Bonds issued on July 2, 2001**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$348,000,000 General Obligation Bonds, Series 2001B, dated June 1, 2001 (the “2001B GO Bonds”) were awarded pursuant to competitive bidding held, June 13, 2001 to Merrill Lynch & Co., New York, New York; at a “true interest rate” of 4.29%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001B GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001B GO Bonds.

Principal of and interest on the 2001B GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

*Redemption Provisions.* The 2001B GO Bonds maturing on or prior to July 1, 2009, are not subject to optional redemption prior to maturity. The 2001B GO Bonds maturing on or after July 1, 2010, are subject to redemption at the option of the State on July 1, 2009, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, at a redemption price equal to 100% of the principal amount of the 2001 GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

(The remainder of this page has been intentionally left blank.)

*Current Maturity Schedule.*

Current principal outstanding: \$73,775,000

Original issue amount: \$348,000,000

Dated: June 1, 2001

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2008 .....	JU 7	\$ 36,125,000	4.50 %		<del>2012 .....</del>	<del>JY 9</del>	<del>\$ 11,550,000</del>	<del>4.50 %</del>
2009 .....	JV 5	37,650,000	4.50		<del>2013 .....</del>	<del>JZ 6</del>	<del>12,100,000</del>	<del>4.50</del>
<del>2010 .....</del>	<del>JW 3</del>	<del>39,325,000</del>	<del>4.50</del>		<del>2014 .....</del>	<del>KA 9</del>	<del>25,975,000</del>	<del>4.50</del>
<del>2011 .....</del>	<del>JX 1</del>	<del>41,050,000</del>	<del>4.50</del>					

(~~Strike through~~) Principal and interest have been refunded by the 2004A GO Bonds.

*Bank Qualified Obligations.* The 2001B GO Bonds are not “bank qualified.”

*Security.* The 2001B GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2001B GO Bonds as to both principal and interest.

8.

**\$265,000,000**  
**State of Utah**  
**General Obligation Bonds, Series 1998A**

**Bonds dated: June 15, 1998—Bonds issued on July 7, 1998**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$265,000,000 General Obligation Bonds, Series 1998B, dated June 15, 1998 (the “1998A GO Bonds”) were awarded pursuant to competitive bidding held, June 15, 1998 to Merrill Lynch & Co., New York, New York; at a “true interest rate” of 4.43%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1998A GO Bonds were issued by the State as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1998A GO Bonds.

Principal of and interest on the 1998A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

*Redemption Provisions.* The 1998A GO Bonds maturing on or prior to July 1, 2008, are not subject to optional redemption prior to maturity. The 1998A GO Bonds maturing on or after July 1, 2009, are subject to redemption, in whole or in part, at the election of the State on July 1, 2008, and on any date thereafter prior to maturity, from such maturities or parts thereof as shall be selected by the State and by lot within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 days’ prior notice, at a redemption price of par plus accrued interest to the redemption date.

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*Current Maturity Schedule.*

Current principal outstanding: \$18,725,000

Original issue amount: \$265,000,000

Dated: June 15, 1998

Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate		Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2008 .....	HT 2	\$ 18,725,000	5.00 %		<del>2011 .....</del>	<del>HW 5</del>	<del>\$ 21,850,000</del>	<del>5.00 %</del>
<del>2009 .....</del>	<del>HU 9</del>	<del>19,725,000</del>	<del>5.00</del>		<del>2012 .....</del>	<del>HX 3</del>	<del>23,000,000</del>	<del>5.00</del>
<del>2010 .....</del>	<del>HV 7</del>	<del>20,750,000</del>	<del>5.00</del>					

(~~Strike through~~) Principal and interest have been refunded by the 2002B GO Bonds.

*Bank Qualified Obligations.* The 1998A GO Bonds are not “bank qualified.”

*Security.* The 1998A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 1998A GO Bonds as to both principal and interest.

### **Lease Revenue Bonds (issued by the State Building Ownership Authority of the State)**

1.

**\$15,380,000**

**State Building Ownership Authority of the State of Utah  
Lease Revenue Bonds, Series 2007A**

**Bonds dated: July 10, 2007—Bonds issued on July 10, 2007**  
*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$15,380,000 Lease Revenue Bonds, Series 2007A, dated July 10, 2007 (the “2007A LR Bonds”) were awarded pursuant to negotiations held June 28, 2007 to Piper Jaffray & Co., Minneapolis, Minnesota; at a “true interest rate” of 4.60%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2007A LR Bonds were issued by the State Building Ownership Authority (the “Authority”) as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2007A LR Bonds.

Principal of and interest on the 2007A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo Bank Northwest, National Association, Corporate Trust Services, Salt Lake City, Utah, as Paying Agent and Trustee (“Wells Fargo”), to the registered owners thereof, currently DTC.

*Optional Redemption.* The 2007A LR Bonds maturing on or before May 15, 2017, are not subject to optional redemption prior to maturity, except that the 2007A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2007A LR Bonds maturing on or after May 15, 2018, are subject to redemption (i) in whole on any business day on or after May 15, 2017, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on November 15, 2017, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2007A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2007A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

*Mandatory Sinking Fund Redemption.* The 2007A LR Bonds maturing on May 15, 2021; May 15, 2023; May 15, 2025; and May 15, 2028; shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2020 .....	\$ 795,000
May 15, 2021 .....	835,000
Total .....	<u>\$ 1,630,000</u>
May 15, 2022 .....	\$ 880,000
May 15, 2023 .....	915,000
Total .....	<u>\$ 1,795,000</u>
May 15, 2024 .....	\$ 965,000
May 15, 2025 .....	1,015,000
Total .....	<u>\$ 1,980,000</u>
May 15, 2026 .....	\$ 1,065,000
May 15, 2027 .....	1,115,000
May 15, 2028 .....	1,175,000
Total .....	<u>\$ 3,355,000</u>

*Current Maturity Schedule.*

Current principal outstanding: \$15,380,000

Original issue amount: \$15,380,000

Dated: July 10, 2007

Due: May 15, as shown below

**\$6,620,000 Serial Bonds**

Due May 15	CUSIP	Principal Amount	Original Interest Rate	Due May 15	CUSIP	Principal Amount	Original Interest Rate
2009 .....	SN 2	\$ 295,000	4.25 %	2015 .....	SU 6	\$ 645,000	4.50 %
2010 .....	SP 7	520,000	4.25	2016 .....	SV 4	665,000	4.50
2011 .....	SQ 5	545,000	4.25	2017 .....	SW 2	695,000	4.50
2012 .....	SR 3	565,000	4.25	2018 .....	SX 0	735,000	4.25
2013 .....	SS 1	585,000	4.25	2019 .....	SY 8	760,000	4.375
2014 .....	ST 9	610,000	4.25				

**\$1,630,000 5.00% Term Bond due May 15, 2021—(CUSIP 917547 TA 9)**

**\$1,795,000 5.00% Term Bond due May 15, 2023—(CUSIP 917547 TC 5)**

**\$1,980,000 5.00% Term Bond due May 15, 2025—(CUSIP 917547 TE 1)**

**\$3,355,000 5.00% Term Bond due May 15, 2028—(CUSIP 917547 TH 4)**

*Bank Qualified Obligations.* The 2007A LR Bonds are not “bank qualified.”

*Security.* Under the State Facilities Master Lease Agreement (the “Lease”), the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2007A LR Bonds and certain bonds issued on a parity with the 2007A LR Bonds coming due in each year, but only if and to the extent that the Utah State Legislature (the “Legislature”) annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to

operate and maintain the projects financed with the 2007A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2007A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by Wells Fargo Bank, N. A. (the “Trustee”) under the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement (the “Indenture”) as security for the 2007A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2007A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2007A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

*Credit Enhancement.* Payment of the principal of and interest on the 2007A LR Bonds when due are guaranteed under an insurance policy issued by MBIA Insurance Corporation (“MBIA”).

2.

**\$8,355,000**

**State Building Ownership Authority of the State of Utah  
Lease Revenue Bonds, Series 2006A**

**Bonds dated: January 19, 2006—Bonds issued on January 19, 2006**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$8,355,000 Lease Revenue Bonds, Series 2006A, dated January 19, 2006 (the “2006A LR Bonds”) were awarded pursuant to negotiations held January 19, 2006 to Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; at a “true interest rate” of 4.33%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2006A LR Bonds were issued by the State Building Ownership Authority (the “Authority”) as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2006A LR Bonds.

Principal of and interest on the 2006A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo Bank Northwest, National Association, Corporate Trust Services, Salt Lake City, Utah, as Paying Agent and Trustee (“Wells Fargo”), to the registered owners thereof, currently DTC.

*Optional Redemption.* The 2006A LR Bonds maturing on or before May 15, 2016, are not subject to optional redemption prior to maturity, except that the 2006A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2006A LR Bonds maturing on or after May 15, 2017, are subject to redemption (i) in whole on any business day on or after May 15, 2016, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on May 15, 2016, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2006A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2006A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

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**Mandatory Sinking Fund Redemption.** The 2006A LR Bonds maturing on May 15, 2027, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2024 .....	\$ 535,000
May 15, 2025 .....	560,000
May 15, 2026 .....	580,000
May 15, 2027 (Stated Maturity) .....	<u>605,000</u>
Total .....	\$ <u>2,280,000</u>

**Current Maturity Schedule.**

Current principal outstanding: \$8,355,000

Original issue amount: \$8,355,000

Dated: January 19, 2006

Due: May 15, as shown below

**\$6,075,000 Serial Bonds**

Due May 15	CUSIP	Principal Amount	Original Interest Rate	Due May 15	CUSIP	Principal Amount	Original Interest Rate
2008 .....	RV 5	\$ 280,000	3.50 %	2016 .....	SD 4	\$ 380,000	4.00 %
2009 .....	RW 3	290,000	4.00	2017 .....	SE 2	395,000	4.00
2010 .....	RX 1	300,000	4.00	2018 .....	SF 9	410,000	4.15
2011 .....	RY 9	315,000	3.50	2019 .....	SG 7	425,000	4.25
2012 .....	RZ 6	325,000	3.50	2020 .....	SH 5	445,000	4.25
2013 .....	SA 0	335,000	4.00	2021 .....	SJ 1	465,000	5.00
2014 .....	SB 8	350,000	4.00	2022 .....	SK 8	485,000	4.75
2015 .....	SC 6	365,000	4.00	2023 .....	SL 6	510,000	5.00

**\$2,280,000 4.25% Term Bond due May 15, 2027—(CUSIP 917547 SM 4)**

**Bank Qualified Obligations.** The 2006A LR Bonds are not “bank qualified.”

**Security.** Under the State Facilities Master Lease Agreement (the “Lease”), the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2006A LR Bonds and certain bonds issued on a parity with the 2006A LR Bonds coming due in each year, but only if and to the extent that the Utah State Legislature (the “Legislature”) annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2006A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2006A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by Wells Fargo Bank, N. A. (the “Trustee”) under the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement (the “Indenture”) as security for the 2006A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2006A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2006A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

**\$45,805,000**  
**State Building Ownership Authority of the State of Utah**  
**Lease Revenue and Refunding Bonds, Series 2004A**

**Bonds dated: October 26, 2004—Bonds issued on October 26, 2004**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$45,805,000 Lease Revenue and Refunding Bonds, Series 2004A, dated October 26, 2004 (the “2004A LR Bonds”) were awarded pursuant to negotiations held October 6, 2004 to USB Financial, Inc., New York, New York; as Senior Manager; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co-Manager; at a “true interest rate” of 4.27%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004A LR Bonds were issued by the State of Utah, State Building Ownership Authority (the “Authority”), as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2004A LR Bonds.

Principal of and interest on the 2004A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

*Optional Redemption.* The 2004A LR Bonds maturing on or before May 15, 2014, are not subject to optional redemption prior to maturity, except that, the 2004A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2004A LR Bonds maturing on or after May 15, 2015, are subject to redemption (i) in whole on any business day on or after May 15, 2014, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on May 15, 2014, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2004A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2004A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

*Mandatory Sinking Fund Redemption.* The 2004A LR Bonds maturing on May 15, 2027, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2025 .....	\$ 1,830,000
May 15, 2026 .....	1,250,000
May 15, 2027 (Stated Maturity) .....	<u>710,000</u>
Total .....	<u>\$ 3,790,000</u>

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*Current Maturity Schedule.*

Current principal outstanding: \$44,110,000

Original issue amount: \$45,805,000

Dated: October 26, 2004

Due: May 15, as shown below

**\$40,320,000 Serial Bonds**

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2008 .....	QQ 7	\$ 895,000	3.00 %	2017 .....	QZ 7	\$ 3,405,000	5.00 %
2009 .....	QR 5	1,930,000	3.25	2018 .....	RA 1	2,450,000	5.00
2010 .....	QS 3	2,405,000	5.00	2019 .....	RB 9	2,230,000	5.00
2011 .....	QT 1	2,550,000	5.00	2020 .....	RC 7	2,345,000	5.25
2012 .....	QU 8	2,665,000	5.00	2021 .....	RD 5	2,110,000	5.25
2013 .....	QV 6	2,795,000	5.00	2022 .....	RE 3	1,665,000	5.25
2014 .....	QW 4	2,945,000	5.00	2023 .....	RF 0	1,755,000	5.25
2015 .....	QX 2	3,085,000	5.00	2024 .....	RG 8	1,845,000	5.25
2016 .....	QY 0	3,245,000	5.00				

**\$3,790,000 4.75% Term Bond due May 15, 2027—(CUSIP 917547 RH 6)**

*Bank Qualified Obligations.* The 2004A LR Bonds are not “bank qualified.”

*Security.* Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2004A LR Bonds and certain bonds issued on a parity with the 2004A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2004A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2004A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2004A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2004A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2004A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

4.

**\$22,725,000**

**State Building Ownership Authority of the State of Utah  
Lease Revenue and Refunding Bonds, Series 2003**

**Bonds dated: December 30, 2003—Bonds issued on December 30, 2003**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$22,725,000 Lease Revenue and Refunding Bonds, Series 2003, dated December 30, 2003 (the “2003 LR Bonds”) were awarded pursuant to competitive bidding held, December 10, 2003 to Banc One Capital Markets, Inc., Chicago, Illinois; at a “true interest rate” of 4.15%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2003 LR Bonds were issued by the State of Utah, State Building Ownership Authority (the “Authority”), as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2003 LR Bonds.

Principal of and interest on the 2003 LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

*Optional Redemption.* The 2003 LR Bonds maturing on or before May 15, 2014, are not subject to redemption prior to maturity, except that, the 2003 LR Bonds are subject to extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2003 LR Bonds maturing on or after May 15, 2015, are subject to redemption (i) in whole on any business day on or after May 15, 2014, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on May 15, 2014, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the 2003 facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as provided in this paragraph, the 2003 LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2003 LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

*Current Maturity Schedule.*

Current principal outstanding: \$20,305,000

Original issue amount: \$22,725,000

Dated: December 30, 2003

Due: May 15, as shown below

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate		Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2008 .....	PS 4	\$ 1,210,000	2.75 %		2017 .....	QB 0	\$ 940,000	4.10 %
2009 .....	PT 2	1,240,000	3.00		2018 .....	QC 8	980,000	4.20
2010 .....	PU 9	1,275,000	3.25		2019 .....	QD 6	1,020,000	4.20
2011 .....	PV 7	1,325,000	3.60		2020 .....	QE 4	1,065,000	4.25
2012 .....	PW 5	1,375,000	5.00		2021 .....	QF 1	1,110,000	4.375
2013 .....	PX 3	1,440,000	4.00		2022 .....	QG 9	1,160,000	4.40
2014 .....	PY 1	835,000	4.00		2023 .....	QH 7	1,210,000	4.50
2015 .....	PZ 8	875,000	4.00		2024 .....	QJ 3	1,265,000	4.50
2016 .....	QA 2	900,000	4.00		2025 .....	QK 0	1,080,000	5.00

*Bank Qualified Obligations.* The 2003 LR Bonds are not “bank qualified.”

*Security.* Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2003 LR Bonds and certain bonds issued on a parity with the 2003 LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2003 LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2003 LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2003 LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2003 LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2003 LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

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**\$30,300,000**  
**State Building Ownership Authority of the State of Utah**  
**Variable Rate Demand Lease Revenue Bonds, Series 2001C**

**Bonds dated: November 21, 2001—Bonds issued on November 21, 2001**  
*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$30,300,000 Variable Rate Demand Lease Revenue Bonds, Series 2001C, dated November 21, 2001 (the “2001C LR Bonds”) were awarded pursuant to negotiations held with Lehman Brothers Inc., New York, New York; at a variable interest rate. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001C LR Bonds were issued by the State of Utah, State Building Ownership Authority (the “Authority”) as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001C LR Bonds.

The 2001C LR Bonds bear a variable rate of interest which interest rate will be determined by the Remarketing Agent for the 2001C LR Bonds, currently Lehman Brothers Inc., New York, New York.

The 2001C LR Bonds are issued in a multi-modal format. The final principal payment is May 15, 2022. The 2001C LR Bonds are issued in denominations of \$100,000. Interest is due monthly on the first Wednesday of each month which began December 3, 2001.

Wells Fargo is the bond registrar, paying agent, trustee, and tender agent for the 2001C LR Bonds under the Indenture. The trustee, registrar, paying agent and tender agent may resign or be removed and a successor may be appointed in accordance with the Indenture.

*Optional Redemption.* The 2001C LR Bonds are subject to optional redemption and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

Optional Redemption of Bonds in the Daily Mode or the Weekly Mode

2001C Bonds in the Daily Mode or the Weekly Mode will be subject to redemption at the option of the Authority (at the direction of the Lessee), in whole or in part, in Authorized Denominations, on any Bond Interest Payment Date for those 2001C LR Bonds at a redemption price equal to the principal amount thereof.

2001C LR Bonds in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Commercial Paper Bonds will be subject to redemption at the option of the Authority (at the direction of the Lessee), in whole or in part, on their respective Purchase Dates at a redemption price equal to the principal amount thereof.

Optional Redemption of Bonds in the Long Term Mode and Fixed Mode

2001C LR Bonds in a Long Term Mode or Fixed Mode will not be subject to redemption at the option of the Authority unless the following occurs: Upon receipt by the Trustee of a favorable opinion of Bond Counsel, the Remarketing Agent may establish an optional redemption schedule for the 2001C LR Bonds, including a no-call period and the percentages of principal amount, plus accrued interest, at which the 2001C LR Bonds may be redeemed at the option of the Authority (at the direction of the Lessee), given the duration of the Long Term Mode or the Fixed Mode (as the case may be), by determining and certifying to the Trustee, the Authority and the Lessee, on a date which is no later than the applicable Mode Change Date, the periods during which the 2001C LR Bonds shall not be subject to redemption (the “Call Protection Period”), the redemption premium or premiums (the “Call Premiums”), if any, applicable to the redemption of 2001C LR Bonds after the Call Protection Period and the period or periods during which the Call Premiums shall be effective necessary to establish the applicable Long Term Mode or Fixed Mode with respect to the 2001C LR Bonds.

*Current Maturity Schedule.*

Dated: November 21, 2001

Due: May 15, as shown below

**\$30,300,000 Variable Rate Term Bond due May 15, 2022—(CUSIP 917547 PK 1)**

*Bank Qualified Obligations.* The 2001C LR Bonds are not “bank qualified.”

*Security.* Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2001C LR Bonds and certain bonds issued on a parity with the 2001C LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2001C LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2001C LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2001C LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2001C LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2001C LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

*Letter of Credit.* From the date of original issuance through December 31, 2015, the 2001C LR Bonds will be payable from an irrevocable direct pay Letter of Credit issued by Landesbank Hessen–Thüringen Girozentrale acting through its New York Branch (the “Bank” or “Helaba”) in favor of the Trustee. The Trustee will be entitled to draw up to an amount sufficient to pay the principal of and up to 53 days of accrued interest on the 2001C LR Bonds in the Weekly Mode (at a maximum rate of 12% per annum), to be used (a) to pay the principal of and interest on the 2001C LR Bonds when due, and (b) to pay the purchase price of 2001C LR Bonds in the Weekly Mode tendered by the holders thereof but not remarketed in connection with the optional or mandatory tender thereof. The term of the Letter of Credit may be extended upon such terms and conditions as may be agreed upon by Helaba and the Authority. The 2001C LR Bonds will be subject to mandatory tender (i) on the Bond Interest Payment Date when the 2001C LR Bonds bear interest at a Commercial Paper Rate; (ii) upon a change in the method of determining the interest rate on the 2001C LR Bonds; (iii) when the 2001C LR Bonds bear interest at a Long Term Rate and a new Long Term Rate is to be determined; (iv) upon termination of the Letter of Credit due to an Event of Default under the Lease; (v) in the event that the Authority does not replace the Letter of Credit upon its expiration; or (vi) the Authority replaces the Letter of Credit during a Daily Mode, a Weekly Mode, a Commercial Paper Mode or a Long Term Mode. The Letter of Credit is being issued pursuant to a Letter of Credit Reimbursement Agreement, dated as of November 1, 2001, which as since been amended in the First Amendment to the Letter of Credit Reimbursement Agreement, dated as of November 1, 2004, between the Authority and Helaba.

6.

**\$25,780,000**

**State Building Ownership Authority of the State of Utah  
Lease Revenue Bonds, Series 2001B**

**Bonds dated: November 1, 2001—Bonds issued on November 21, 2001**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$25,780,000 Lease Revenue Bonds, Series 2001B, dated November 1, 2001 (the “2001B LR Bonds”) were awarded pursuant to competitive bidding held, November 7, 2001 to PaineWebber, Inc., New York, New York; at a “true interest rate” of 4.62%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001B LR Bonds were issued by the State of Utah, State Building Ownership Authority (the “Authority”), as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001B LR Bonds.

Principal of and interest on the 2001B LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

*Optional Redemption.* The 2001B LR Bonds maturing on or before May 15, 2011, are not subject to optional redemption prior to maturity, except that, the 2001B LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2001B LR Bonds maturing on or after May 15, 2012, are subject to redemption (i) in whole on any business day on or after November 15, 2011, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on November 15, 2011, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2001B LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a

percentage of the principal amount of the 2001B LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

*Mandatory Sinking Fund Redemption.* The 2001B LR Bonds maturing on May 15, 2024, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2022 .....	\$ 1,760,000
May 15, 2023 .....	1,850,000
May 15, 2024 (Stated Maturity) .....	<u>1,045,000</u>
Total .....	<u>\$ 4,655,000</u>

*Current Maturity Schedule.*

Current principal outstanding: \$22,660,000

Original issue amount: \$25,780,000

Dated: November 1, 2001

Due: May 15, as shown below

**\$18,005,000 Serial Bonds**

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2008 .....	NS 6	\$ 965,000	4.00 %	2015 .....	NZ 0	\$ 1,280,000	4.30 %
2009 .....	NT 4	1,005,000	4.00	2016 .....	PA 3	1,335,000	5.00
2010 .....	NU 1	1,055,000	4.00	2017 .....	PB 1	1,400,000	5.00
2011 .....	NV 9	1,090,000	4.00	2018 .....	PC 9	1,465,000	5.00
2012 .....	NW 7	1,135,000	4.00	2019 .....	PD 7	1,550,000	5.00
2013 .....	NX 5	1,175,000	4.10	2020 .....	PE 5	1,620,000	5.00
2014 .....	NY 3	1,225,000	4.20	2021 .....	PF 2	1,705,000	5.00

**\$4,655,000 5.25% Term Bond due May 15, 2024—(CUSIP 917547 PJ 4)**

*Bank Qualified Obligations.* The 2001B LR Bonds are not “bank qualified.”

*Security.* Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2001B LR Bonds and certain bonds issued on a parity with the 2001B LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2001B LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2001B LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2001B LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2001B LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2001B LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

**\$69,850,000**  
**State Building Ownership Authority of the State of Utah**  
**Lease Revenue Bonds, Series 2001A**

**Bonds dated: November 1, 2001—Bonds issued on November 21, 2001**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$69,850,000 Lease Revenue Bonds, Series 2001A, dated November 1, 2001 (the “2001A LR Bonds”) were awarded pursuant to competitive bidding held, November 7, 2001 to PaineWebber, Inc., New York, New York; at a “true interest rate” of 4.47%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001A LR Bonds were issued by the Authority as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001A LR Bonds.

Principal of and interest on the 2001A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

*Optional Redemption.* The 2001A LR Bonds maturing on or before May 15, 2011, are not subject to optional redemption prior to maturity, except that, the 2001A LR Bonds are subject to extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2001A LR Bonds maturing on or after May 15, 2012, are subject to redemption (i) in whole on any business day on or after November 15, 2011, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on November 15, 2011, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2001A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2001A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

*Current Maturity Schedule.*

Current principal outstanding: \$5,350,000

Original issue amount: \$69,850,000

Dated: November 1, 2001

Due: May 15, as shown below

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2008 .....	MW 8	\$ <del>3,250,000</del>	5.00 %	2015 .....	ND 9	\$ <del>4,400,000</del>	5.00 %
2009 .....	MX 6	<del>3,375,000</del>	5.00	2016 .....	NE 7	<del>4,625,000</del>	5.00
2010 .....	MY 4	<del>3,500,000</del>	5.00	2017 .....	NF 4	<del>4,850,000</del>	5.00
2011 .....	MZ 1	<del>3,650,000</del>	5.00	2018 .....	NG 2	<del>5,100,000</del>	5.00
2012 .....	NA 5	<del>3,800,000</del>	5.00	2019 .....	NH 0	5,350,000	5.00
2013 .....	NB 3	<del>3,975,000</del>	5.00	2020 .....	NJ 6	<del>5,600,000</del>	5.00
2014 .....	NC 1	<del>4,175,000</del>	5.00	2021 .....	NK 3	<del>5,900,000</del>	5.00

(~~Strikethrough~~) Principal and interest have been cash defeased in Fiscal Year 2008.

*Bank Qualified Obligations.* The 2001A LR Bonds are not “bank qualified.”

*Security.* Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2001A LR Bonds and certain bonds issued on a parity with the 2001A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2001A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2001A LR Bonds are limited obligations of the Authority, payable solely from the***



*revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2001A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2001A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2001A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.*

8.

**\$9,455,000**

**State Building Ownership Authority of the State of Utah  
Lease Revenue Bonds, Series 1999A**

**Bonds dated: August 1, 1999—Bonds issued on August 26, 1999**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$9,455,000 Lease Revenue Bonds, Series 1999A, dated August 1, 1999 (the “1999A LR Bonds”) were awarded pursuant to competitive bidding held, August 4, 1999 to First Security Van Kasper, Salt Lake City, Utah, as Senior Manager; with Prudential Securities Inc., Los Angeles, California, as Co-Manager; and other members of a syndicate; at a “true interest rate” of 5.40%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1999A LR Bonds were issued by the State of Utah, State Building Ownership Authority (the “Authority”), as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1999A LR Bonds.

Principal of and interest on the 1999A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

*Optional Redemption.* The 1999A LR Bonds maturing on or before May 15, 2009, are not subject to optional redemption prior to maturity, except that, the 1999A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1999A LR Bonds maturing on or after May 15, 2010, are subject to redemption (i) in whole on any business day on or after November 15, 2009, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on November 15, 2009, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 1999A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 1999A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

*Mandatory Sinking Fund Redemption.* The 1999A LR Bonds which matured on May 15, 2021 (in the amount of \$4,355,000) have been refunded by the 2004A LR Bonds.

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*Current Maturity Schedule.*

Current principal outstanding: \$785,000

Original issue amount: \$9,455,000

Dated: August 1, 1999

Due: May 15, as shown below

**\$785,000 Serial Bonds**

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2008 .....	MB 4	\$ 380,000	5.25 %	2012 .....	MF 5	\$ 470,000	5.25 %
2009 .....	MC 2	405,000	5.25	2013 .....	MG 3	495,000	5.25
2010 .....	MD 0	425,000	5.25	2014 .....	MH 1	525,000	5.30
2011 .....	ME 8	450,000	5.25				

~~\$4,335,000 5.50% Term Bond due May 15, 2021 (CUSIP 917547 MQ 1)~~

~~(Strike through)~~ Principal and interest have been refunded by the 2004A LR Bonds.

*Bank Qualified Obligations.* The 1999A LR Bonds are not “bank qualified.”

*Security.* Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1999A LR Bonds and certain bonds issued on a parity with the 1999A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1999A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1999A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1999A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1999A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1999A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

*Credit Enhancement.* Payment of the principal of and interest on the 1999A LR Bonds when due are guaranteed under an insurance policy issued by Financial Security Assurance Inc (“FSA”).

9.

**\$105,100,000**

**State Building Ownership Authority of the State of Utah  
Lease Revenue Refunding Bonds, Series 1998C**

**Bonds dated: August 15, 1998—Bonds issued on September 15, 1998**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$105,100,000 Lease Revenue Refunding Bonds, Series 1998C, dated August 15, 1998 (the “1998C LR Bonds”) were awarded pursuant to negotiations held with Salomon Smith Barney, New York, New York, as Senior Manager; with First Security Capital Markets, Inc., Salt Lake City, Utah; George K. Baum & Co., Salt Lake City, Utah; Merrill Lynch & Co., Los Angeles, California; and PaineWebber Inc., Seattle, Washington, as Co-Managers; at a “true interest rate” of 4.80%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1998C LR Bonds were issued by the State of Utah, State Building Ownership Authority (the “Authority”), as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1998C LR Bonds.

Principal of and interest on the 1998C LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

*Optional Redemption.* The 1998C LR Bonds are not subject to optional redemption prior to maturity, except that, the 1998C LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

*Mandatory Sinking Fund Redemption.* The 1998C LR Bonds maturing on May 15, 2019, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2016 .....	\$ 9,230,000
May 15, 2017 .....	9,130,000
May 15, 2018 .....	8,295,000
May 15, 2019 (Stated Maturity) .....	<u>2,110,000</u>
Total .....	<u>\$ 28,765,000</u>

*Current Maturity Schedule.*

Current principal outstanding: \$95,110,000

Original issue amount: \$105,100,000

Dated: August 15, 1998

Due: May 15, as shown below

**\$66,345,000 Serial Bonds**

Due May 15	CUSIP	Principal Amount	Original Interest Rate	Due May 15	CUSIP	Principal Amount	Original Interest Rate
2008 .....	LK 5	\$ 7,160,000	5.50 %	2012 .....	LP 4	\$ 8,345,000	5.50 %
2009 .....	LL 3	7,535,000	5.50	2013 .....	LQ 2	8,805,000	5.50
2010 .....	LM 1	7,950,000	5.50	2014 .....	LR 0	9,290,000	5.50
2011 .....	LN 9	8,410,000	5.50	2015 .....	LT 6	8,850,000	5.50

**\$28,765,000 5.50% Term Bond due May 15, 2019—(CUSIP 917547 LS 8)**

*Bank Qualified Obligations.* The 1998C LR Bonds are not “bank qualified.”

*Security.* Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1998C LR Bonds and certain bonds issued on a parity with the 1998C LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1998C LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1998C LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1998C LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1998C LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1998C LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

*Credit Enhancement.* Payment of the principal of and interest on the 1998C LR Bonds when due are guaranteed under an insurance policy issued by Financial Security Assurance Inc (“FSA”).

**\$25,710,000**  
**State Building Ownership Authority of the State of Utah**  
**Lease Revenue Bonds, Series 1998A**

**Bonds dated: July 1, 1998—Bonds issued on July 22, 1998**  
*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$25,710,000 Lease Revenue Bonds, Series 1998A, dated July 1, 1998 (the “1998A LR Bonds”) were awarded pursuant to negotiations held with Lehman Brothers, Seattle, Washington, as Senior Manager; with George K. Baum & Co., Kansas City Missouri; and Prudential Securities Inc., Seattle, Washington; as Co-Managers; at a “true interest rate” of 4.91%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1998A LR Bonds were issued by the State of Utah, State Building Ownership Authority (the “Authority”), as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1998A LR Bonds.

Principal of and interest on the 1998A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

*Optional Redemption.* The 1998A LR Bonds maturing on or before May 15, 2008, are not subject to optional redemption prior to maturity, except that, the 1998A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1998A LR Bonds maturing on or after May 15, 2009, are subject to redemption (i) in whole on any business day on or after May 15, 2008, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned Sites) thereunder or (ii) in part on May 15, 2008, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 1998A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 1998A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

*Mandatory Sinking Fund Redemption.* The 1998A LR Bonds which matured on May 15, 2020 (in the amount of \$5,800,000) have been refunded by the 2004A LR Bonds.

*Current Maturity Schedule.*

Current principal outstanding: \$775,000

Original issue amount: \$25,710,000

Dated: July 1, 1998

Due: May 15, as shown below

**\$775,000 Serial Bonds**

Due May 15	CUSIP	Principal Amount	Original Interest Rate	Due May 15	CUSIP	Principal Amount	Original Interest Rate
2008 .....	KM 2	\$ 775,000	4.50 %	2011 .....	KQ 3	\$ 885,000	4.80 %
2009 .....	KN 0	805,000	4.60	2012 .....	KR 1	920,000	4.90
2010 .....	KP 5	840,000	4.70				

~~**\$5,800,000 5.25% Term Bond due May 15, 2020 (CUSIP 917547 KZ 3)**~~

~~(Strike through)~~ Principal and interest have been refunded by the 2004A LR Bonds.

*Bank Qualified Obligations.* The 1998A LR Bonds are not “bank qualified.”

*Security.* Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1998A LR Bonds and certain bonds issued on a parity with the 1998A LR Bonds coming due in each year, but only if and to the

extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1998A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1998A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1998A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1998A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1998A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

*Credit Enhancement.* Payment of the principal of and interest on the 1998A LR Bonds when due are guaranteed under an insurance policy issued by Financial Security Assurance Inc (“FSA”).

11.

**\$4,150,000**

**State Building Ownership Authority of the State of Utah  
Lease Revenue Bonds, Series 1997A**

**Bonds dated: December 1, 1997—Bonds issued on December 18, 1997**

*CUSIP numbers on the bonds are provided below.*

*Background Information.* The \$4,150,000 Lease Revenue Bonds, Series 1997A, dated December 1, 1997 (the “1997A LR Bonds”) were awarded pursuant to competitive bidding held, December 3, 1997 to George K. Baum & Co., Kansas City, Missouri; at a “true interest rate” of 5.06%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1997A LR Bonds were issued by the State of Utah, State Building Ownership Authority (the “Authority”), as fully-registered bonds in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1997A LR Bonds.

Principal of and interest on the 1997A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

*Optional Redemption.* The 1997A LR Bonds maturing on or before May 15, 2008, are not subject to optional redemption prior to maturity, except that, the 1997A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1997A LR Bonds maturing on or after May 15, 2009, are subject to redemption (i) in whole on any business day on or after May 15, 2008, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State-Owned sites) thereunder or (ii) in part on May 15, 2008, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional Base Rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 1997A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 1997A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

*Mandatory Sinking Fund Redemption.* The 1997A LR Bonds which matured on May 15, 2018 (in the amount of \$1,210,000) have been refunded by the 2004A LR Bonds.

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*Current Maturity Schedule.*

Current principal outstanding: \$195,000

Original issue amount: \$4,150,000

Dated: December 1, 1997

Due: May 15, as shown below

**\$195,000 Serial Bonds**

Due May 15	CUSIP	Principal Amount	Original Interest Rate	Due May 15	CUSIP	Principal Amount	Original Interest Rate
2008 .....	HZ 7	\$ 195,000	4.70 %	2012 .....	JD 4	\$ 240,000	5.00 %
2009 .....	JA 0	205,000	4.80	2013 .....	JE 2	250,000	5.00
2010 .....	JB 8	215,000	4.80	2014 .....	JE 9	265,000	5.10
2011 .....	JC 6	230,000	4.90				

**~~\$1,210,000 5.125% Term Bond due May 15, 2018 (CUSIP 917547 JK 8)~~**

~~(Strike through)~~ Principal and interest have been refunded by the 2004A LR Bonds.

*Bank Qualified Obligations.* The 1997A LR Bonds are not “bank qualified.”

*Security.* Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1997A LR Bonds and certain bonds issued on a parity with the 1997A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1997A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1997A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1997A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1997A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1997A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

*Credit Enhancement.* Payment of the principal of and interest on the 1997A LR Bonds when due are guaranteed under an insurance policy issued by AMBAC Assurance Corporation.

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## DEBT STRUCTURE OF THE STATE OF UTAH

### Legal Borrowing Authority of the State

*Constitutional Debt Limit.* Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the State to an amount equal to 1.5% of the value of the total taxable property of the State, as shown by the last assessment for State purposes previous to incurring such debt. The application of this constitutional debt limit and the additional debt incurring capacity of the State under the Constitution are estimated to be as follows on December 31, 2007:

Fair Market Value of Ad Valorem Taxable Property (1) .....	\$ 218,864,053,927
Fees in lieu of Ad Valorem Taxable Property (2) .....	14,148,804,657
Total Fair Market Value of Taxable Property (1) .....	<u>\$ 233,012,858,584</u>
Constitutional Debt Limit (1.5%) .....	\$ 3,495,192,879
Less: Currently Outstanding General Obligation Debt (Net) (3) .....	<u>(1,204,046,081)</u>
Estimated Additional Constitutional Debt Incurring Capacity of the State (4) .....	<u>\$ 2,291,146,798</u>

- 
- (1) Based on 2006 taxable values. See “FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters—Taxable Value Compared with Fair Market Value of All Taxable Property in the State” below.
  - (2) Based on 2006 “age based” values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of taxable property in the State.
  - (3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.
  - (4) The State is further limited on its issuance of general obligation indebtedness by statute. See in this section “Statutory General Obligation Debt Limit” below.

*Statutory General Obligation Debt Limit.* Title 63, Chapter 38c, of the Utah Code (the “State Appropriations and Tax Limitation Act”), among other things, limits the maximum general obligation borrowing ability of the State. Under the State Appropriations and Tax Limitation Act, the outstanding general obligation debt of the State at any time may not exceed 45% of the maximum allowable State budget appropriations limit as provided in that act. The State Appropriations and Tax Limitation Act also limits State government appropriations based upon a formula that reflects changes in population and inflation.

On occasion, the Legislature has amended the State Appropriations and Tax Limitation Act in order to provide an exemption for certain general obligation highway bonds and bond anticipation notes from the limitations imposed by the State Appropriations and Tax Limitation Act.

As of December 31, 2007, using the budget appropriations for the Fiscal Year 2008, the statutory general obligation debt limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as follows:

Statutory General Obligation Debt Limit (1) .....	\$ 1,115,679,870
Less: Statutorily Applicable General Obligation Debt (Net) (2) .....	<u>(437,415,377)</u>
Remaining Statutory General Obligation Debt Incurring Capacity .....	<u>\$ 678,264,493</u>

- 
- (1) 45% of the Fiscal Year 2008 appropriation limit of \$2,479,288,600.
  - (2) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

*Authorized General Obligation Bonds and Future General Obligation Bonds Issuance.* The State has approximately \$1.183 billion (\$1.031 billion for highway projects from a 2007 authorization, \$111.1 million for capital projects from a 2006 authorization, \$4.6 million for capital projects from a 2005 authorization; \$4.3 million for capital projects from a 2004 authorization; \$26.4 million for highway projects from a 2003 authorization; and \$6 million for transportation projects from a 2000 authorization) aggregate principal amount of additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by the Utah Department of Transportation and the Division of Facilities Construction and Management for various capital facilities and highway construction projects.

Based on the State's highway and transportation needs, the State anticipates that it will issue a portion of its authorized and unissued general obligation bonds annually over the next six to eight years.

### Historical Constitutional and Statutory Debt Limit of the State

The calculation of the historical constitutional debt limit, the general obligation debt, the additional general obligation debt incurring capacity, and the statutory debt limit for the State for each of the Fiscal Years 2003 through 2007 is as follows:

	Fiscal Year Ended June 30 (in thousands)				
	2007	2006	2005	2004	2003
Fair Market Value of Ad					
Valorem Taxable Property (1) .....	\$ 218,864,054	\$ 186,836,224	\$ 173,003,833	\$ 164,567,250	\$ 159,659,350
Fees in lieu of Ad Valorem Tax (2) .....	14,148,805	12,146,609	12,616,364	11,973,726	11,116,588
Fair Market Value for Debt					
Incurring Capacity .....	<u>\$ 233,012,859</u>	<u>\$ 198,982,833</u>	<u>\$ 185,620,197</u>	<u>\$ 176,540,976</u>	<u>\$ 170,775,938</u>
<b>Constitutional:</b>					
Constitutional Debt Limit					
(1.5% of Fair Market Value) .....	\$ 3,495,193	\$ 2,984,742	\$ 2,784,303	\$ 2,648,115	\$ 2,561,639
Outstanding Constitutional					
General Obligation Debt (Net) (3) .....	<u>(1,284,023)</u>	<u>(1,436,845)</u>	<u>(1,587,804)</u>	<u>(1,588,810)</u>	<u>(1,713,755)</u>
Additional Debt Incurring					
Capacity ( <i>constitutional</i> ) .....	<u>\$ 2,211,170</u>	<u>\$ 1,547,897</u>	<u>\$ 1,196,499</u>	<u>\$ 1,059,305</u>	<u>\$ 847,884</u>
<b>Statutory:</b>					
Statutory General Obligation					
Debt Limit .....	\$ 1,024,512	\$ 944,824	\$ 880,463	\$ 835,292	\$ 830,137
Outstanding General Obligation					
Debt (Net) (3) (4) .....	<u>(493,456)</u>	<u>(558,866)</u>	<u>(630,711)</u>	<u>(607,999)</u>	<u>(693,706)</u>
Additional General Obligation					
Debt Incurring Capacity					
( <i>statutory</i> ) .....	<u>\$ 531,056</u>	<u>\$ 385,958</u>	<u>\$ 249,752</u>	<u>\$ 227,293</u>	<u>\$ 136,431</u>

- (1) For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.
- (2) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.
- (3) Certain general obligation highway indebtedness is exempt from the State Appropriations and Tax Limitation Act.

(Sources: Property Tax Division, State Tax Commission (as to Taxable Value only) and the Financial Advisor.)

See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" below.

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## Outstanding General Obligation Indebtedness

The State has issued general obligation bonds for general administrative buildings, higher education buildings, highways, water and wastewater facilities, flood control facilities, technology, and refunding purposes. As of December 31, 2007, the State has the following principal amounts of general obligation debt outstanding:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2007 (2) .....	Various purpose	\$ 75,000,000	July 1, 2014	\$ 75,000,000
2004B (3) .....	Various purpose	140,635,000	July 1, 2019	111,630,000
2004A (4) .....	Refunding	314,775,000	July 1, 2016	314,775,000
2003A (5) .....	Various purpose	407,405,000	July 1, 2013 (9)	293,425,000
2002B (6) .....	Refunding	253,100,000	July 1, 2012	250,580,000
2002A (7) .....	Various purpose	281,200,000	July 1, 2011 (9)	23,600,000
2001B (6) (7) .....	Various purpose	348,000,000	July 1, 2009 (9)	73,775,000
1998A (6) (8) .....	Various purpose	265,000,000	July 1, 2008 (10)	18,725,000
Total Principal Amount of outstanding General Obligation Debt (11) .....				<u>\$ 1,161,510,000</u>

- (1) Unless otherwise indicated, the outstanding general obligation bonds of the State are currently rated “AAA” by Fitch Inc. (“Fitch”); “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”); and “AAA” by Standard & Poor’s Ratings Group, a division of the McGraw-Hill Companies, Inc. (“S&P”), as of the date of the last OFFICIAL STATEMENT, dated June 28, 2007.
- (2) As of December 31, 2007, \$68.995 million of these bonds are exempt from statutory debt limit calculations.
- (3) As of December 31, 2007, \$47.05 million of these bonds are exempt from statutory debt limit calculations.
- (4) As of December 31, 2007, \$125.315 million of these bonds are exempt from statutory debt limit calculations.
- (5) Portions of this bond issue were refunded by the 2004A General Obligation Bonds. As of December 31, 2007, \$158.5 million of these bonds are exempt from statutory debt limit calculations.
- (6) These bonds are exempt from statutory debt limit calculations.
- (7) Portions of this bond issue were refunded by the 2004A General Obligation Bonds.
- (8) Portions of these bond issues were refunded by the 2002B General Obligation Bonds.
- (9) Final maturity date after the refunding effected by the 2004A General Obligation Bonds.
- (10) Final maturity date after the refunding effected by the 2002B General Obligation Bonds.
- (11) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the State’s financial statements. Thus, for accounting purposes, the total unamortized bond premium as of December 31, 2007 is \$57,042,704 and the total deferred amount is \$14,506,623, together with current debt outstanding, results in total outstanding net direct debt of \$1,204,046,081.

(Source: Division of Finance.)

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## Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year (1)

Fiscal Year Ending June 30	Series 2007 \$75,000,000		Series 2004B \$140,635,000		Series 2004A \$314,775,000		Series 2003A \$407,405,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ -	\$ 1,663,459	\$ 6,865,000	\$ 5,753,125	\$ -	\$ 14,937,350	\$ 12,825,000	\$ 14,093,250
2009	8,600,000	3,192,300	9,970,000	5,332,250	-	14,937,350	59,300,000	12,586,625
2010	8,950,000	2,841,300	11,180,000	4,803,500	-	14,937,350	61,125,000	10,025,313
2011	10,185,000	2,407,675	25,755,000	3,880,125	39,310,000	14,151,150	50,025,000	7,399,375
2012	15,030,000	1,777,300	30,600,000	2,471,250	40,830,000	12,548,350	15,100,000	5,771,250
2013	10,300,000	1,195,550	3,575,000	1,616,875	11,245,000	11,450,625	52,575,000	4,079,375
2014	10,720,000	775,150	3,750,000	1,433,750	18,480,000	10,707,500	55,300,000	1,382,500
2015	11,215,000	280,375	3,950,000	1,241,250	73,595,000	8,405,625	0	0 (2)
2016	-	-	4,125,000	1,039,375	73,910,000	4,718,000	0	0 (2)
2017	-	-	4,350,000	827,501	57,405,000	1,435,125	0	0 (2)
2018	-	-	4,550,000	605,000	-	-	-	-
2019	-	-	4,800,000	371,250	-	-	-	-
2020	-	-	5,025,000	125,625	-	-	-	-
Totals	\$ 75,000,000	\$ 14,133,109	\$ 118,495,000	\$ 29,500,876	\$ 314,775,000	\$ 108,228,425	\$ 306,250,000	\$ 55,337,688

Fiscal Year Ending June 30	Series 2002B \$253,100,000		Series 2002A \$281,200,000		Series 2001B \$348,000,000		Series 1998A \$265,000,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 120,000	\$ 13,358,656	\$ 50,575,000	\$ 2,460,188	\$ 34,650,000	\$ 4,099,500	\$ 17,750,000	\$ 1,380,000
2009	29,455,000	12,583,663	5,525,000	1,057,688	36,125,000	2,507,063	18,725,000	468,125
2010	50,835,000	10,481,778	5,750,000	775,813	37,650,000	847,125	0	0 (4)
2011	53,670,000	7,710,706	6,000,000	482,063	0	0 (2)	0	0 (4)
2012	56,705,000	4,744,378	6,325,000	166,031	0	0 (2)	0	0 (4)
2013	59,915,000	1,610,216	0	0 (3)	0	0 (2)	0	0 (4)
2014	-	-	0	0 (2)	0	0 (2)	-	-
2015	-	-	0	0 (2)	0	0 (2)	-	-
2016	-	-	0	0 (2)	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
Totals	\$ 250,700,000	\$ 50,489,397	\$ 74,175,000	\$ 4,941,780	\$ 108,425,000	\$ 7,453,687	\$ 36,475,000	\$ 1,848,125

Fiscal Year Ending June 30	Series 1997F \$205,000,000		Series 1997E \$135,000,000		Totals (1)		
	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2008	\$ 17,375,000	\$ 477,813	\$ 10,500,000	\$ 288,750 (5)	\$ 150,660,000	\$ 58,512,091	\$ 209,172,091
2009	0	0 (4)	0	0 (4)	167,700,000	52,665,064	220,365,064
2010	0	0 (4)	0	0 (4)	175,490,000	44,712,179	220,202,179
2011	0	0 (4)	0	0 (4)	184,945,000	36,031,094	220,976,094
2012	0	0 (4)	0	0 (4)	164,590,000	27,478,559	192,068,559
2013	0	0 (4)	0	0 (4)	137,610,000	19,952,641	157,562,641
2014	-	-	-	-	88,250,000	14,298,900	102,548,900
2015	-	-	-	-	88,760,000	9,927,250	98,687,250
2016	-	-	-	-	78,035,000	5,757,375	83,792,375
2017	-	-	-	-	61,755,000	2,262,626	64,017,626
2018	-	-	-	-	4,550,000	605,000	5,155,000
2019	-	-	-	-	4,800,000	371,250	5,171,250
2020	-	-	-	-	5,025,000	125,625	5,150,625
Totals	\$ 17,375,000	\$ 477,812	\$ 10,500,000	\$ 288,750	\$ 1,312,170,000	\$ 272,699,654	\$ 1,584,869,654

- (1) This table reflects the State's debt service schedule for its outstanding General Obligation Bonds for the fiscal years shown. This information is based on payments (cash basis) falling due in that particular fiscal year.
- (2) Principal and interest has been refunded by the 2004A General Obligation Bonds.
- (3) There was no scheduled principal maturity in this fiscal year.
- (4) Principal and interest has been refunded by the 2002B General Obligation Bonds.
- (5) \$850,000 (of the original maturity of \$11,350,000) has been refunded by the 2002B General Obligation Bonds.

(Source: The Financial Advisor.)

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## Debt Ratios of the State

The following tables show the ratios of the principal par amounts of the State's general obligation debt (excludes any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding), to population, total personal income, taxable value and fair market/market value for the fiscal years shown and estimated as of December 31, 2007.

	Fiscal Year Ended June 30				
	2007	2006	2005	2004	2003
Outstanding General Obligation Debt (000's) .....	\$ 1,237,170	\$ 1,377,390	\$ 1,514,510	\$ 1,510,160	\$ 1,623,680
Debt Ratios:					
Per Capita .....	\$ 460	\$ 527	\$ 595	\$ 612	\$ 673
As % of Total Personal Income .....	1.50%	1.81%	2.16%	2.38%	2.73%
As % of Taxable Value .....	0.80%	1.04%	1.14%	1.23%	1.38%
As % of Fair Market/Market Value .....	0.57%	0.74%	0.81%	0.87%	0.99%

	Estimated
	December 31, 2007
Outstanding General Obligation Debt (1) .....	\$1,161,510,000
Debt Ratios:	
Per Capita .....	\$432
As % of Total Personal Income .....	1.40%
As % of Taxable Value .....	0.75%
As % of Fair Market/Market Value .....	0.53%

(Sources: Division of Finance and the Financial Advisor.)

The ratios of debt service expenditures to General Fund expenditures and to all governmental fund type expenditures for the last five fiscal years are shown below:

	Fiscal Year Ended June 30 (in thousands)				
	2007	2006	2005	2004	2003
General Fund					
Expenditures .....	\$ 4,497,679	\$ 4,333,467	\$ 4,016,667	\$ 3,775,296	\$ 3,519,422
Debt Service Expenditures (1) .....	\$ 235,011	\$ 235,436	\$ 273,679	\$ 211,960	\$ 189,020
Ratio of Debt Service to General Fund Expenditures .....	5.23%	5.43%	6.81%	5.61%	5.37%
Total All Governmental Funds					
Expenditures .....	\$ 8,772,404	\$ 8,118,742	\$ 7,489,813	\$ 7,070,039	\$ 6,702,566
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures .....	2.68%	2.90%	3.65%	3.00%	2.82%

(1) During Fiscal Year 2005, debt service increased from the prior year due to a final debt payment of approximately \$31.6 million (for 2002 Winter Olympic facilities).

(Sources: Division of Finance and the Fiscal Year Ended June 30, 2007 Comprehensive Annual Financial Report (the "2007 CAFR").)

## **Lease Obligations**

The State leases office buildings, other real property, and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, long-term leases are considered noncancellable for financial reporting purposes. Leases that in substance are purchases are reported as capital lease obligations in the government-wide financial statements and proprietary fund statements in the State's Comprehensive Annual Financial Report ("CAFR").

Operating leases (leases on assets not recorded on the Balance Sheet) contain various renewal obligations as well as some purchase options. However, due to the nature of the leases, the related assets are not classified as capital assets. Any escalation clauses, sublease rentals and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred.

The total operating lease expenditures for the Fiscal Years 2007 and 2006 were \$20.0 million and \$26.2 million, respectively, for the primary government, and \$32.4 million and \$30.9 million, respectively, for component units.

## **Revenue Bonds and Notes**

Various State agencies have outstanding bonds and notes payable solely from certain specified revenues. None of these bond or note issues are general obligations of the State and, therefore, such bonds or notes are not applied against the general obligation borrowing capacity of the State.

Excluding the Authority, the majority of the State's revenue bonds and notes are issued by the Utah Housing Corporation and the State Board of Regents.

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## State Building Ownership Authority

The State Building Ownership Authority (the “Authority”) is empowered, among other things, to issue its bonds (with the prior approval of the Legislature) to finance the acquisition and construction of facilities to be leased to State agencies and their affiliated entities from rentals paid out of budget appropriations or other available funds for the lessee agencies, which in the aggregate will be sufficient to pay the principal of and interest on the Authority’s bonds and to maintain, operate and insure the facilities. The Authority is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. The State Building Ownership Authority Act (Title 63B, Chapter 1, Part 3, Utah Code) directs DFCM to construct and maintain any facilities acquired or constructed for the Authority.

*No Defaulted Authority Bonds or Failures by the State to Renew Lease.* As of December 31, 2007, neither the Authority nor the State has ever failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligation related thereto. As of December 31, 2007, the State has never failed to renew an annually renewable lease with the Authority.

*Legal Borrowing Debt Capacity.* The Authority may not issue any bonds or other obligations under the State Building Ownership Authority Act in an amount which would exceed the difference between the total outstanding indebtedness of the State and 1.5% of the fair market value of the taxable property of the State, plus certain add-back indebtedness provided by legislative directive.

As of December 31, 2007, the legal debt limit and additional debt incurring capacity of the Authority are calculated as follows:

Fair Market Value of Ad Valorem Taxable Property (1) .....	\$ 218,864,053,927
Fees in lieu of Ad Valorem Taxable Property (2) .....	14,148,804,657
Total Fair Market Value of Taxable Property (1) .....	<u>\$ 233,012,858,584</u>
1.5% Debt Limit Amount .....	\$ 3,495,192,879
Less: Current Outstanding State General Obligation Debt (Net) (3) .....	(1,204,046,081)
Less: The Authority's Outstanding Lease Revenue Bonds (Net) (3) .....	(255,993,408)
Plus: Statutorily Exempt State General Obligation Highway Debt (Net) (3) .....	766,630,704
The Authority's Estimated Additional Debt Incurring Capacity .....	<u>\$ 2,801,784,094</u>

- 
- (1) Based on 2006 taxable values. See “FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters—Taxable Value Compared with Fair Market Value of All Taxable Property in the State” below.
  - (2) Based on 2006 “aged based” values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.
  - (3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

*The State’s Limited Lease Obligation.* The State Building Ownership Authority Act provides generally that bonds issued by the Authority are payable only from lease payments received by the Authority for the facilities constructed or acquired thereunder, and that, if rentals paid by a lessee State agency to the Authority are insufficient to pay the principal and interest on such bonds, the Governor may request the Legislature to appropriate additional funds to that agency for the payment of increased rentals. The Legislature may, but is not required to, make such an appropriation. Bonds issued pursuant to authorizing legislation of this type are sometimes referred to herein as “State Lease Revenue Bonds.”

*Debt Issuance. Current Lease Revenue Obligation Bonds Outstanding.* Under the State Facilities Master Lease Program, no debt service reserve fund is created for any Bonds issued pursuant to the Indenture and the Lease. In connection with this program, all Bonds are issued on a parity basis and are cross-collateralized by the facilities subject to the lien of the Indenture and Mortgages.

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The Authority has the following bonds outstanding as of December 31, 2007:

*Issued (On A Parity Basis) Under The State Facilities Master Lease Program*

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2007A (1) .....	DABC/UCI	\$ 15,380,000	May 15, 2028	\$ 15,380,000
2006A (2) .....	DABC 2006A Facilities	8,355,000	May 15, 2027	8,355,000
2004A (2) .....	Refunding/various purpose	45,805,000	May 15, 2027	44,110,000
2003 (2) .....	Refunding/various purpose	22,725,000	May 15, 2025	20,305,000
2001C (3) .....	University of Utah	30,300,000	May 15, 2022	30,300,000
2001B (2) .....	Various purpose	25,780,000	May 15, 2024	22,660,000
2001A (2) (9) .....	University of Utah	69,850,000	May 15, 2021	5,350,000
1999A (4) (5) .....	Various purpose	9,455,000	May 15, 2009 (7)	785,000
1998C (4) (8) .....	Refunding	105,100,000	May 15, 2019	95,110,000
1998A (4) (5) .....	Various purpose	25,710,000	May 15, 2008 (7)	775,000
1997A (5) (6) .....	DABC 1997A Facilities	4,150,000	May 15, 2008 (7)	195,000
Total Principal amount of outstanding State Facilities Master Lease Program Bonds .....				<u><u>\$ 243,325,000</u></u>

- (1) These bonds are rated “Aaa” (MBIA Insured; underlying “Aa1”) by Moody’s, and “AAA” (MBIA Insured; underlying “AA+”) by S&P, as of the date of the last OFFICIAL STATEMENT, dated June 28, 2007.
- (2) Rated “Aa1” by Moody’s; and “AA+” by S&P, as of the last OFFICIAL STATEMENT, dated June 28, 2007.
- (3) These bonds bear interest at a variable interest rate. Rated “Aaa/VMIG1” by Moody’s and “AA/A-1+” by S&P, as of the last OFFICIAL STATEMENT, dated June 28, 2007.
- (4) These bonds are rated “Aaa” (FSA Insured; underlying “Aa1”) by Moody’s, and “AAA” (FSA Insured; underlying “AA+”) by S&P, as of the date of the last OFFICIAL STATEMENT, dated June 28, 2007.
- (5) Portions of this bond have been refunded by the 2004A Lease Revenue Bonds.
- (6) These bonds are rated “Aaa” (Ambac Insured; underlying “Aa1”) by Moody’s and “AAA” (Ambac Insured; underlying “AA+”) by S&P, as of the date of the last OFFICIAL STATEMENT, dated June 28, 2007.
- (7) Final maturity date after portions of this bond were refunded by the 2004A Lease Revenue Bonds.
- (8) Portions of these bonds were cash defeased in Fiscal Year 2007 and Fiscal Year 2008.
- (9) Portions of these bonds were cash defeased in Fiscal Year 2008.

(Source: Division of Finance.)

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Other series of State Lease Revenue Bonds issued by the Authority, as listed below under the caption “Issued Under Separate Stand Alone Legal Documents,” are not issued on a parity basis with the State Lease Revenue Bonds issued under the State Facilities Master Lease Program or each other. Separate debt service reserve funds have been established and funded for each of these other series of bonds. The amount outstanding is as of December 31, 2007.

*Issued Under Separate Stand Alone Legal Documents*

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
1993A (1) .....	Human Services Building	\$ 6,230,000	January 1, 2013	\$ 2,615,000
1992B (1) .....	Youth Corrections	1,380,000	August 15, 2011	435,000
1992A (1) .....	Employment Security Ref.	26,200,000	August 15, 2011	8,025,000
Total Authority's Other Bonds .....				<u>\$ 11,075,000</u>

- (1) Rated “Aa1” by Moody’s, and “AA+” by S&P, as of the last OFFICIAL STATEMENT, dated June 28, 2007. No rating was requested from any other rating agency.

*Summary*

Total State Facilities Master Lease Program Bonds .....	\$ 243,325,000
Total Authority's Other Bonds Outstanding .....	<u>11,075,000</u>
Total Authority Lease Revenue Bonds (3) .....	<u>\$ 254,400,000</u>

- (2) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the State’s financial statements. Thus, for accounting purposes, the total unamortized bond premium as of December 31, 2007 is \$2,896,935 and the total deferred amount is \$1,303,527, together with current debt outstanding, results in total outstanding net direct debt of \$255,993,408.

(Sources: Division of Finance and the Financial Advisor.)

*Authorized Lease Revenue Bonds and Future Bonds Issuance.* Notwithstanding the legal debt issuing capacity of the Authority discussed in this section under “Legal Borrowing Debt Capacity” above, the Authority may only issue State Lease Revenue Bonds for facilities authorized by the Legislature. Under existing legislative authorization, at December 31, 2007, the Authority has approximately \$13.01 million of remaining bonding authority, comprised of \$10.5 million for capital projects from a 2000 authorization and \$2.51 million for capital projects from a 1999 authorization for future projects that may be undertaken solely by vote of the Authority.

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**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year (1)**

*Issued Under the State Facilities Master Lease Program*

Fiscal Year Ending June 30	Series 2007A \$15,380,000		Series 2006A \$8,355,000		Series 2004A \$45,805,000		Series 2003 \$22,725,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ -	\$ 614,501	\$ 280,000	\$ 351,478	\$ 895,000	\$ 2,168,650	\$ 1,210,000	\$ 823,143
2009	295,000	725,312	290,000	341,678	1,930,000	2,141,800	1,240,000	789,868
2010	520,000	712,775	300,000	330,078	2,405,000	2,079,075	1,275,000	752,668
2011	545,000	690,675	315,000	318,078	2,550,000	1,958,825	1,325,000	711,230
2012	565,000	667,514	325,000	307,052	2,665,000	1,831,325	1,375,000	663,530
2013	585,000	643,500	335,000	295,677	2,795,000	1,698,075	1,440,000	594,780
2014	610,000	618,638	350,000	282,278	2,945,000	1,558,325	835,000	537,180
2015	645,000	592,712	365,000	268,278	3,085,000	1,411,075	875,000	503,780
2016	665,000	563,688	380,000	253,678	3,245,000	1,256,825	900,000	468,780
2017	695,000	533,762	395,000	238,478	3,405,000	1,094,575	940,000	432,780
2018	735,000	502,487	410,000	222,678	2,450,000	924,325	980,000	394,240
2019	760,000	471,250	425,000	205,662	2,230,000	801,825	1,020,000	353,080
2020	795,000 (2)	438,000	445,000	187,600	2,345,000	690,325	1,065,000	310,240
2021	835,000 (2)	398,250	465,000	168,686	2,110,000	567,213	1,110,000	264,978
2022	880,000 (2)	356,500	485,000	145,438	1,665,000	456,438	1,160,000	216,415
2023	915,000 (2)	312,500	510,000	122,400	1,755,000	369,025	1,210,000	165,375
2024	965,000 (2)	266,750	535,000 (3)	96,900	1,845,000	276,888	1,265,000	110,925
2025	1,015,000 (2)	218,500	560,000 (3)	74,162	1,830,000 (4)	180,025	1,080,000	54,000
2026	1,065,000 (2)	167,750	580,000 (3)	50,362	1,250,000 (4)	93,100	-	-
2027	1,115,000 (2)	114,500	605,000 (3)	25,712	710,000 (4)	33,725	-	-
2028	1,175,000 (2)	58,750	-	-	-	-	-	-
Totals	\$ 15,380,000	\$ 9,668,314	\$ 8,355,000	\$ 4,286,353	\$ 44,110,000	\$ 21,591,439	\$ 20,305,000	\$ 8,146,992

Fiscal Year Ending June 30	Series 2001C \$30,300,000		Series 2001B \$25,780,000		Series 2001A \$69,850,000		Series 1999A \$9,455,000	
	Principal (5)	Interest (6)	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ -	\$ 1,126,384 (7)	\$ 965,000	\$ 1,062,803	\$ -	\$ 1,672,500 (9)	\$ 380,000	\$ 41,213
2009	-	1,136,250	1,005,000	1,024,203	0	267,500 (9)	405,000	21,263
2010	-	1,136,250	1,055,000	984,003	0	267,500 (9)	0	0 (10)
2011	-	1,136,250	1,090,000	941,803	0	267,500 (9)	0	0 (10)
2012	-	1,136,250	1,135,000	898,203	0	267,500 (9)	0	0 (10)
2013	-	1,136,250	1,175,000	852,803	0	267,500 (9)	0	0 (10)
2014	-	1,136,250	1,225,000	804,628	0	267,500 (9)	0	0 (10)
2015	-	1,136,250	1,280,000	753,178	0	267,500 (9)	0	0 (11)
2016	-	1,136,250	1,335,000	698,138	0	267,500 (9)	0	0 (11)
2017	-	1,136,250	1,400,000	631,388	0	267,500 (9)	0	0 (11)
2018	-	1,136,250	1,465,000	561,388	0	267,500 (9)	0	0 (11)
2019	-	1,136,250	1,550,000	488,138	5,350,000	267,500 (9)	0	0 (11)
2020	-	1,136,250	1,620,000	410,638	0	- (9)	0	0 (11)
2021	-	1,136,250	1,705,000	329,638	0	- (9)	0	0 (11)
2022	30,300,000	1,136,250	1,760,000 (8)	244,388	-	-	-	-
2023	-	-	1,850,000 (8)	151,988	-	-	-	-
2024	-	-	1,045,000 (8)	54,863	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
Totals	\$ 30,300,000	\$ 17,033,884	\$ 22,660,000	\$ 10,892,191	\$ 5,350,000	\$ 4,615,000	\$ 785,000	\$ 62,476

Continues

- (1) This table reflects the State's debt service schedule for its outstanding Lease Revenue Bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year.
- (2) Mandatory sinking fund payments: \$1,630,000, 5.00%, term bond due May 15, 2021; \$1,795,000, 5.00%, term bond due May 15, 2023; \$1,980,000, 5.00%, term bond due May 15, 2025; \$3,355,000, 5.00%, term bond due May 15, 2028.
- (3) Mandatory sinking fund payments from a \$2,280,000, 4.25%, term bond due May 15, 2027.
- (4) Mandatory sinking fund payments from a \$3,790,000, 4.75%, term bond due May 15, 2027.
- (5) The maturity date for the 2001C Lease Revenue Bonds is May 15, 2022.
- (6) The 2001C Lease Revenue Bonds are variable rate interest bonds. Interest has been estimated at an average coupon rate of 3.75% per annum.
- (7) Includes \$558,259 of actual interest paid from July 1, 2007 to December 31, 2007. From January 1, 2008 through June 30, 2008, interest has been estimated at 3.75% per annum (\$568,125).
- (8) Mandatory sinking fund payments from a \$4,655,000, 5.25%, term bond due May 15, 2024.
- (9) Principal and interest have been cash defeased in Fiscal Year 2008 (\$56,200,000).
- (10) Principal and interest have been refunded by the 2004A Lease Revenue Bonds.
- (11) Principal and interest have been refunded by the 2004A Lease Revenue Bonds (\$4,335,000, 5.50%, term bond which was due May 15, 2021).



**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Issued Under the State Facilities Master Lease Program—Continued*

Fiscal Year Ending June 30	Series 1998C (2) \$105,100,000		Series 1998A \$25,710,000		Series 1997A \$4,150,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2008 .....	\$ 7,160,000	\$ 5,231,050	\$ 775,000	\$ 34,875	\$ 195,000	\$ 9,165
2009 .....	7,535,000	4,837,250	0	0 (3)	0	0 (3)
2010 .....	7,950,000	4,422,825	0	0 (3)	0	0 (3)
2011 .....	8,410,000	3,985,575	0	0 (3)	0	0 (3)
2012 .....	8,345,000	3,523,025	0	0 (3)	0	0 (3)
2013 .....	8,805,000	3,064,050	0	0 (4)	0	0 (3)
2014 .....	9,290,000	2,579,775	0	0 (4)	0	0 (3)
2015 .....	8,850,000	2,068,825	0	0 (4)	0	0 (5)
2016 .....	9,230,000 (1)	1,582,075	0	0 (4)	0	0 (5)
2017 .....	9,130,000 (1)	1,074,425	0	0 (4)	0	0 (5)
2018 .....	8,295,000 (1)	572,275	0	0 (4)	0	0 (5)
2019 .....	2,110,000 (1)	116,050	0	0 (4)	-	-
2020 .....	-	-	0	0 (4)	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
2025 .....	-	-	-	-	-	-
2026 .....	-	-	-	-	-	-
2027 .....	-	-	-	-	-	-
2028 .....	-	-	-	-	-	-
Totals	<u>\$ 95,110,000</u>	<u>\$ 33,057,200</u>	<u>\$ 775,000</u>	<u>\$ 34,875</u>	<u>\$ 195,000</u>	<u>\$ 9,165</u>

- (1) Mandatory sinking fund payments from a \$28,765,000, 5.50%, term bond due May 15, 2019.  
(2) Principal and interest have been cash defeased in Fiscal Year 2007 (\$2,925,000) and Fiscal Year 2008 (\$4,515,000).  
(3) Principal and interest have been refunded by the 2004A Lease Revenue Bonds.  
(4) Principal and interest have been refunded by the 2004A Lease Revenue Bonds (\$5,800,000, 5.25%, term bond which was due May 15, 2020).  
(5) Principal and interest have been refunded by the 2004A Lease Revenue Bonds (\$1,210,000, 5.125%, term bond which was due May 15, 2018).

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**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Issued Under Stand Alone Legal Documents*

Fiscal Year Ending	Series 1993A \$6,230,000			Series 1992B \$1,380,000		
June 30	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2008 .....	\$ 380,000	\$ 136,105	\$ 516,105	\$ 95,000	\$ 28,319	\$ 123,319
2009 .....	400,000	116,725	516,725	100,000	22,713	122,713
2010 .....	425,000	96,125	521,125	105,000	16,819	121,819
2011 .....	445,000 (1)	74,025	519,025	110,000	10,500	120,500
2012 .....	470,000 (1)	50,663	520,663	120,000	3,600	123,600
2013 .....	495,000 (1)	25,988	520,988	-	-	-
2014 .....	-	-	-	-	-	-
2015 .....	-	-	-	-	-	-
2016 .....	-	-	-	-	-	-
2017 .....	-	-	-	-	-	-
2018 .....	-	-	-	-	-	-
2019 .....	-	-	-	-	-	-
2020 .....	-	-	-	-	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
2025 .....	-	-	-	-	-	-
2026 .....	-	-	-	-	-	-
2027 .....	-	-	-	-	-	-
2028 .....	-	-	-	-	-	-
Totals	<u>\$ 2,615,000</u>	<u>\$ 499,631</u>	<u>\$ 3,114,631</u>	<u>\$ 530,000</u>	<u>\$ 81,951</u>	<u>\$ 611,951</u>

Fiscal Year Ending	Series 1992A \$26,200,000		
June 30	Principal	Interest	Total Debt Service
2008 .....	\$ 1,735,000	\$ 511,319	\$ 2,246,319
2009 .....	1,835,000	408,681	2,243,681
2010 .....	1,945,000	300,006	2,245,006
2011 .....	2,060,000	184,863	2,244,863
2012 .....	2,185,000	62,819	2,247,819
2013 .....	-	-	-
2014 .....	-	-	-
2015 .....	-	-	-
2016 .....	-	-	-
2017 .....	-	-	-
2018 .....	-	-	-
2019 .....	-	-	-
2020 .....	-	-	-
2021 .....	-	-	-
2022 .....	-	-	-
2023 .....	-	-	-
2024 .....	-	-	-
2025 .....	-	-	-
2026 .....	-	-	-
2027 .....	-	-	-
2028 .....	-	-	-
Totals	<u>\$ 9,760,000</u>	<u>\$ 1,467,688</u>	<u>\$ 11,227,688</u>

(1) Mandatory sinking fund payments from a \$1,410,000, 5.25%, term bond due January 1, 2013.

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Summary of State Building Ownership Authority Lease Revenue Bonds Outstanding*

Fiscal Year Ending June 30	Total Bonds Issued Under State Facilities Master Lease Program*			Total Bonds Issued Under Stand Alone Legal Documents		
	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service
2008 .....	\$ 11,860,000	\$ 11,463,262	\$ 23,323,262	\$ 2,210,000	\$ 675,743	\$ 2,885,743
2009 .....	12,700,000	11,017,624	23,717,624	2,335,000	548,119	2,883,119
2010 .....	13,505,000	10,417,674	23,922,674	2,475,000	412,950	2,887,950
2011 .....	14,235,000	9,742,436	23,977,436	2,615,000	269,388	2,884,388
2012 .....	14,410,000	9,026,899	23,436,899	2,775,000	117,082	2,892,082
2013 .....	15,135,000	8,285,135	23,420,135	495,000	25,988	520,988
2014 .....	15,255,000	7,517,074	22,772,074	-	-	-
2015 .....	15,100,000	6,734,098	21,834,098	-	-	-
2016 .....	15,755,000	5,959,434	21,714,434	-	-	-
2017 .....	15,965,000	5,141,658	21,106,658	-	-	-
2018 .....	14,335,000	4,313,643	18,648,643	-	-	-
2019 .....	13,445,000	4,414,755	17,859,755	-	-	-
2020 .....	6,270,000	3,173,053	9,443,053	-	-	-
2021 .....	6,225,000	2,865,015	9,090,015	-	-	-
2022 .....	36,250,000	2,555,429	38,805,429	-	-	-
2023 .....	6,240,000	1,121,288	7,361,288	-	-	-
2024 .....	5,655,000	806,326	6,461,326	-	-	-
2025 .....	4,485,000	526,687	5,011,687	-	-	-
2026 .....	2,895,000	311,212	3,206,212	-	-	-
2027 .....	2,430,000	173,937	2,603,937	-	-	-
2028 .....	1,175,000	58,750	1,233,750	-	-	-
Totals	\$ 243,325,000	\$ 105,625,389	\$ 348,950,389	\$ 12,905,000	\$ 2,049,270	\$ 14,954,270

Total All Lease Revenue  
Bond Obligations\*

Fiscal Year Ending June 30	Total Principal	Total Interest	Total Debt Service
2008 .....	\$ 14,070,000	\$ 12,139,005	\$ 26,209,005
2009 .....	15,035,000	11,565,743	26,600,743
2010 .....	15,980,000	10,830,624	26,810,624
2011 .....	16,850,000	10,011,824	26,861,824
2012 .....	17,185,000	9,143,981	26,328,981
2013 .....	15,630,000	8,311,123	23,941,123
2014 .....	15,255,000	7,517,074	22,772,074
2015 .....	15,100,000	6,734,098	21,834,098
2016 .....	15,755,000	5,959,434	21,714,434
2017 .....	15,965,000	5,141,658	21,106,658
2018 .....	14,335,000	4,313,643	18,648,643
2019 .....	13,445,000	4,414,755	17,859,755
2020 .....	6,270,000	3,173,053	9,443,053
2021 .....	6,225,000	2,865,015	9,090,015
2022 .....	36,250,000	2,555,429	38,805,429
2023 .....	6,240,000	1,121,288	7,361,288
2024 .....	5,655,000	806,326	6,461,326
2025 .....	4,485,000	526,687	5,011,687
2026 .....	2,895,000	311,212	3,206,212
2027 .....	2,430,000	173,937	2,603,937
2028 .....	1,175,000	58,750	1,233,750
Totals	\$ 256,230,000	\$ 107,674,659	\$ 363,904,659

\* Preliminary; subject to change. The Authority has variable interest rate demand bonds outstanding.

(Source: The Authority.)

## **State Guaranty of General Obligation School Bonds**

Under the Utah School Bond Guaranty Act (the “Guaranty Act”) which took effect on January 1, 1997, the full faith and credit, and unlimited taxing power of the State is pledged to guaranty full and timely payment of the principal of and interest on general obligation bonds (“Guarantied Bonds”) issued by eligible boards of education of Utah school districts (“Eligible School Boards”). The Guaranty Act is intended to reduce borrowing costs for Eligible School Boards by providing credit enhancement for Guarantied Bonds.

In the event an Eligible School Board is unable to make the scheduled debt service payments on its Guarantied Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any of its available moneys, seek a short-term loan from the Permanent School Fund or issue its short-term general obligation notes. The Eligible School Board remains liable to the State for any such payments on Guarantied Bonds. The State may seek reimbursement for such payments (plus interest and penalties) by intercepting State financial aid intended for the Eligible School Board. The Guaranty Act also contains provisions to compel the Eligible School Board to levy a tax sufficient to reimburse the State for such payments.

The State Superintendent of Schools (the “State Superintendent”) is responsible for monitoring the financial condition of each local school board in the State and reporting, at least annually, his or her conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school board will be unable to pay when due its debt service obligations (a “Report”) and recommend a course of remedial action. As of December 31, 2007, the State has not been requested to make payments on any Guarantied Bonds and has not received a Report from the State Superintendent.

As of June 30, 2007, the State has approximately \$2.004 billion principal amount outstanding of Guarantied Bonds. The State cannot predict the amount of bonds that may be guarantied in future years; no limitation is currently imposed by the Guaranty Act.

### **No Defaulted Bonds**

The State has never failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto.

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## FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

The following table summarizes the State's revenues and expenditures for Fiscal Years 2007, 2006, and 2005:

### Revenues and Expenditures for Fiscal Years 2007, 2006, and 2005

Analysis of Operations – General Fund and Major Special Revenue Funds (1)

	Fiscal Year Ending June 30, 2007		Fiscal Year Ending June 30, 2006		Fiscal Year Ending June 30, 2005	
	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year
Revenues: (1)						
Federal Revenues .....	\$ 2,469,442	(1) %	\$ 2,501,030	6 %	\$ 2,362,803	3 %
Individual and Corporate						
Income Taxes .....	3,001,181	11	2,703,989	25	2,155,897	15
Sales and Use Tax .....	2,109,732	10	1,915,600	13	1,699,636	9
Motor/Special Fuels Tax .....	366,446	6	344,902	3	336,417	3
Other Taxes .....	313,149	-	311,974	15	271,264	18
Other .....	990,665	11	896,246	29	694,233	12
Total .....	<u>\$ 9,250,615</u>	7 %	<u>\$ 8,673,741</u>	15 %	<u>\$ 7,520,250</u>	9 %
Expenditures .....	<u>\$ 8,265,238</u>	8 %	<u>\$ 7,631,700</u>	9 %	<u>\$ 7,017,202</u>	6 %

(1) Includes revenues and expenditures for the General Fund and the Major Special Revenue Funds (Education Fund, Uniform School Fund, Transportation Fund, and Transportation Investment Fund).

(Sources: Division of Finance and the 2007 CAFR.)

### Recent Developments

*Major Funds.* Most government services of the State are paid through one of its major governmental funds. In Fiscal Year 2007, the State's major governmental funds were the General Fund, Education Fund, Uniform School Fund, Transportation Fund, and Transportation Investment Fund. Prior to July 1, 2006, the Uniform School Fund was used to account for public education (kindergarten through 12<sup>th</sup> grade) and a portion of higher education (State colleges and universities) expenditures. However, effective July 1, 2006, the Legislature created the Education Fund. Individual income and corporate taxes are deposited into the Education Fund. From there, the majority of the funds are transferred as authorized to the Uniform School Fund and expended for public education. The remainder will then be used for higher education.

Effective July 1, 2005, the Legislature created the Transportation Investment Fund of 2005 and designated that projects, previously reported as part of the Centennial Highway Fund, be reported within this new fund. This change had no impact on governmental activities reported in the current or previous years.

During the 2007 Legislative Session, the Legislature created the Critical Highway Needs Fund and authorized the issuance of up to \$1 billion in general obligation bonds for highway projects. This fund will account for the costs of right-of-way acquisition, maintenance, construction, reconstruction, or renovation to state and federal highways. This fund will be reported as part of total governmental activities and may become a major fund in the near future.

In addition, the Legislature created the Disaster Recovery Restricted Account, effective for fiscal year 2007, to fund state costs directly related to a declared disaster.

*Budget Management.* The State ended Fiscal Year 2007 with a surplus of \$265.3 million. This included a \$88.4 million surplus in the General Fund and a \$176.9 million surplus in the Uniform School Fund. Higher than expected sales and use tax and corporate and individual income tax revenues were the primary reason for the surplus. Of the total surplus, \$22.1 million was transferred to the Disaster Recovery Account, \$1.5 million was carried forward by law for other purposes as designated for specific appropriation in 2007, and \$241.7 million remains in unreserved/undesigned fund balance.

*Budget Reserve Accounts.* The State maintains a General Fund Budget Reserve Account in the General Fund (the “Rainy Day Fund”) and an Education Budget Reserve Account in the Education Fund (the “Education Reserve”). State law limits the combined totals of the Rainy Day Fund and Education Reserve based on the amount of appropriations from certain funds for the Fiscal Year in which the surplus occurred. State law requires 25 percent of any surplus in the General Fund to be deposited in the Rainy Day Fund and 25 percent of any surplus in the Uniform School Fund and Education Fund (a new major fund effective beginning Fiscal Year 2007) to be deposited in the Education Reserve, in each case up to the statutory limit. Beginning Fiscal Year 2006 the transfers of surplus revenues caused the amounts on deposit in the reserve funds to equal the statutory limit. Unless such reserve funds are drawn upon for their respective purposes, annual mandatory surplus transfers will be limited to the lesser of 25 percent of the applicable surplus or the amount necessary to reach the applicable statutory limit.

In the 2007 General Session of the Legislature, \$32 million of General Fund and \$13.4 million of Education Fund moneys were appropriated to the respective reserve funds for Fiscal Year 2007. As of December 31, 2007, the balance in the Rainy Day Fund was \$175.3 million and the Education Reserve balance was \$187.3 million. Additionally, the Legislature appropriated \$40 million of Education Fund moneys to the Education Reserve for Fiscal Year 2008.

*Tax Reform.* In the 2006 General Session, the Legislature reduced the sales tax rate levied by the State on unprepared foods from 4.75 percent to 2.75 percent effective January 1, 2007. During the 2007 General Session, the Legislature further reduced the sales tax rate levied by the State on unprepared foods from 2.75 percent to 1.75 percent and the general sales tax rate imposed on transactions was reduced from 4.75 percent to 4.65 percent, effective January 1, 2008. The cumulative revenue impact of 2006 and 2007 sales tax reform is estimated to be a decrease in revenues of \$109 million in Fiscal Year 2008 and \$157 million in Fiscal Year 2009.

Significant individual income tax reform was adopted during the 2006 and 2007 General and Special Sessions. The Legislature enacted a dual tax system in the 2006 Fourth Special Session, and then in the 2007 General Session enacted a single rate income tax system to replace the dual tax system. For the 2007 tax year, a taxpayer may choose between a single rate income tax system or the existing bracketed tax rate system. For the 2008 tax year, all taxpayers will file a return using a single rate of 5 percent of federal adjusted gross income. A tax credit based on a percentage of the federal deductions and personal exemptions that phases out depending on income and filing status retains income tax progressivity. The cumulative revenue impact of 2006 and 2007 income tax reform is estimated to be a decrease in revenues of \$105 million in Fiscal Year 2008 and \$193 million in Fiscal Year 2009.

*Other Postemployment Benefits.* In anticipation of Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the 2005 Legislature adopted legislation, effective January 1, 2006, that modified the postemployment benefits received by state employees, including the phasing out of certain benefits and capping others. The legislation substantially reduced the State’s liability on a going forward basis. As of December 31, 2006, the actuarial accrued liability for benefits was \$669.6 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability of \$669.6 million.

In addition, the 2007 Legislature created the State Post-Retirement Benefits Trust Fund, an irrevocable trust fund, effective April 2007, after the December 31, 2006 actuarial valuation date. At the actuarial valuation date there were no trust fund assets. As of December 31, 2007, there were \$40 million in net assets. The State Legislature appropriated \$51.1 million in Fiscal Year 2007 and approximately \$54 million in Fiscal Year 2008 which represents a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the postemployment benefits over a period of twenty-five years.

## Five-Year Financial Summaries

The following summaries were extracted from the State's audited financial statements for the Fiscal Years 2003 through 2007. The summaries have not been audited. The financial information in the summaries is presented on a fund statement basis and not on a government-wide statement basis.

Five-year historical summaries have been prepared for the Combined Balance Sheet—All Governmental Fund Types Only; Statement of Revenues, Expenditures, and Changes in Fund Balance—General Fund; and Statement of Revenues, Expenditures, and Changes in Fund Balance—Major Special Revenue Funds.

The five-year summary of Statement of Revenues, Expenditures, and Changes in Fund Balance—Major Special Revenue Funds has been included to show the State's sources of revenue for and expenditures on public education and transportation.

### State of Utah Combined Balance Sheet—All Governmental Fund Types Only (1)

(This summary is unaudited)

	As of June 30 (in thousands)				
	2007	2006	2005	2004	2003
<b>Assets:</b>					
Cash and Cash Equivalents .....	\$ 1,811,006	\$ 1,259,084	\$ 932,620	\$ 386,148	\$ 505,731
Investments .....	746,104	769,088	521,982	711,950	648,211
<b>Receivables:</b>					
Accounts, net .....	533,245	473,961	464,291	626,266	598,616
Accrued Interest .....	77	135	123	55	111
Accrued Taxes, net .....	1,191,060	929,421	693,516	586,076	524,670
Notes/Mortgages, net .....	12,920	30,471	13,265	9,458	12,297
Due From Other Funds .....	90,336	30,214	23,700	24,277	51,532
Due From Component Units .....	42,177	26,784	26,179	26,395	18,922
Inventories .....	12,776	11,557	11,473	9,496	7,537
Interfund Loans Receivable .....	33,905	28,111	32,533	43,963	43,546
<b>Total Assets .....</b>	<b>\$ 4,473,606</b>	<b>\$ 3,558,826</b>	<b>\$ 2,719,682</b>	<b>\$ 2,424,084</b>	<b>\$ 2,411,173</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable and Accrued Liabilities .....	\$ 721,060	\$ 598,382	\$ 589,716	\$ 536,089	\$ 537,522
Due To Other Funds .....	99,670	35,704	28,151	26,569	40,171
Due To Component Units .....	448	440	1,503	8,013	4,812
Deferred Revenue .....	614,529	502,036	319,938	390,140	320,381
Interfund Loans Payable .....	-	-	-	2,478	2,478
<b>Total Liabilities .....</b>	<b>1,435,707</b>	<b>1,136,562</b>	<b>939,308</b>	<b>963,289</b>	<b>905,364</b>
<b>Fund Balances:</b>					
Reserved .....	986,326	836,056	716,255	555,158	704,592
Unreserved Designated .....	1,628,919	1,199,334	681,751	534,040	466,206
Unreserved Undesignated .....	422,654	386,874	382,368	371,597	335,011
<b>Total Fund Balances .....</b>	<b>3,037,899</b>	<b>2,422,264</b>	<b>1,780,374</b>	<b>1,460,795</b>	<b>1,505,809</b>
<b>Total Liabilities and Fund Balances .....</b>	<b>\$ 4,473,606</b>	<b>\$ 3,558,826</b>	<b>\$ 2,719,682</b>	<b>\$ 2,424,084</b>	<b>\$ 2,411,173</b>

(1) Includes all governmental fund types except Trust Lands.

(Source: Division of Finance. Except as otherwise noted, this financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

**State of Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund Type—General Fund**

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2007	2006	2005	2004	2003
Revenues:					
Taxes:					
Sales and Use Tax .....	\$ 1,860,703	\$ 1,820,992	\$ 1,664,352	\$ 1,521,076	\$ 1,447,281
Other Taxes .....	274,563	271,178	234,710	200,167	187,397
Total Taxes .....	<u>2,135,266</u>	<u>2,092,170</u>	<u>1,899,062</u>	<u>1,721,243</u>	<u>1,634,678</u>
Other Revenues:					
Federal Contracts and Grants .....	1,818,571	1,859,583	1,776,555	1,741,580	1,524,832
Charges for Services .....	267,479	256,025	238,181	204,874	182,090
Licenses, Permits, and Fees .....	20,479	18,725	17,866	18,029	17,745
Federal Mineral Lease .....	145,985	156,851	82,704	67,216	46,335
Investment Income .....	94,448	47,027	16,483	6,897	8,258
Miscellaneous and Other .....	166,471	164,890	148,015	143,033	124,422
Total Revenues .....	<u>4,648,699</u>	<u>4,595,271</u>	<u>4,178,866</u>	<u>3,902,872</u>	<u>3,538,360</u>
Expenditures:					
Current:					
General Government .....	242,845	200,631	161,728	157,791	151,281
Human Services and Youth Corrections .....	623,689	590,727	575,046	550,691	532,270
Corrections, Adult .....	225,548	203,419	193,442	187,278	176,624
Public Safety .....	170,306	177,201	161,350	146,974	122,830
Courts .....	118,326	111,541	106,128	100,975	97,348
Health and Environmental Quality .....	1,615,690	1,629,909	1,456,282	1,340,304	1,171,877
Higher Education—State Administration .....	49,064	43,505	39,121	32,827	34,891
Higher Education—Colleges and Universities .....	693,082	665,855	626,026	595,630	592,668
Employment and Family Services .....	405,902	412,855	415,892	394,304	362,931
Natural Resources .....	166,533	136,059	120,398	119,909	132,388
Community and Culture .....	105,051	82,627	86,335	86,085	88,731
Business, Labor, and Agriculture .....	81,643	79,138	74,919	62,528	55,583
Total Expenditures .....	<u>4,497,679</u>	<u>4,333,467</u>	<u>4,016,667</u>	<u>3,775,296</u>	<u>3,519,422</u>
Excess Revenues Over (Under) Expenditures .....	<u>151,020</u>	<u>261,804</u>	<u>162,199</u>	<u>127,576</u>	<u>18,938</u>
Other Financing Sources (Uses):					
Transfers In .....	649,271	323,689	294,313	178,900	146,547
Transfers Out .....	(589,855)	(370,336)	(288,486)	(207,519)	(146,514)
Total Other Financing Sources (Uses) .....	<u>59,416</u>	<u>(46,647)</u>	<u>5,827</u>	<u>(28,619)</u>	<u>33</u>
Net Change in Fund Balance .....	<u>210,436</u>	<u>215,157</u>	<u>168,026</u>	<u>98,957</u>	<u>18,971</u>
Beginning Fund Balance .....	<u>869,136</u>	<u>653,979</u>	<u>485,953</u>	<u>386,996</u>	<u>368,025</u>
Ending Fund Balance .....	<u>\$ 1,079,572</u>	<u>\$ 869,136</u>	<u>\$ 653,979</u>	<u>\$ 485,953</u>	<u>\$ 386,996</u>

(Source: Division of Finance. Except as otherwise noted, this financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)



**State of Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund Type—Major Special Revenue Funds (1)**

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2007	2006	2005	2004	2003
Revenues:					
Taxes:					
Sales and Use Tax .....	\$ 249,029	\$ 94,608	\$ 35,284	\$ 32,833	\$ 34,542
Individual Income Tax .....	2,589,252	2,324,365	1,946,593	1,706,774	1,587,520
Corporate Tax .....	411,929	379,624	209,304	165,893	161,129
Motor and Special Fuels Tax .....	366,446	344,902	336,417	327,838	321,370
Other Taxes .....	38,586	40,796	36,554	30,391	23,595
Total Taxes .....	<u>3,655,242</u>	<u>3,184,295</u>	<u>2,564,152</u>	<u>2,263,729</u>	<u>2,128,156</u>
Other Revenues:					
Federal Contracts and Grants .....	650,871	641,447	586,248	550,466	521,567
Charges for Services .....	56,592	50,857	26,975	27,399	22,465
Licenses, Permits, and Fees .....	99,870	94,959	90,040	85,606	83,784
Federal Aeronautics .....	44,074	37,521	34,416	25,821	18,791
Investment Income .....	41,156	31,222	22,235	15,720	16,367
Miscellaneous and Other .....	54,111	38,169	17,318	25,693	26,375
Total Other Revenues .....	<u>946,674</u>	<u>894,175</u>	<u>777,232</u>	<u>730,705</u>	<u>689,349</u>
Total Revenues .....	<u>4,601,916</u>	<u>4,078,470</u>	<u>3,341,384</u>	<u>2,994,434</u>	<u>2,817,505</u>
Expenditures:					
Current:					
Public Education .....	2,547,075	2,322,801	2,168,798	2,037,873	1,979,461
Transportation .....	1,220,484	975,432	831,737	810,708	756,139
Total Expenditures .....	<u>3,767,559</u>	<u>3,298,233</u>	<u>3,000,535</u>	<u>2,848,581</u>	<u>2,735,600</u>
Excess Revenues Over (Under) Expenditures .....	<u>834,357</u>	<u>780,237</u>	<u>340,849</u>	<u>145,853</u>	<u>81,905</u>
Other Financing Sources (Uses):					
Sale of Capital Assets .....	6,747	-	-	-	-
General Obligation Bonds Issued .....	-	-	47,050	-	140,685
Premium on Bonds Issued .....	-	-	2,950	-	20,581
Transfers In .....	2,612,415	286,496	185,731	163,880	145,625
Transfers Out .....	(3,074,734)	(567,290)	(535,939)	(331,345)	(228,262)
Total Other Financing Sources (Uses) .....	<u>(455,572)</u>	<u>(280,794)</u>	<u>(300,208)</u>	<u>(167,465)</u>	<u>78,629</u>
Net Change in Fund Balances .....	<u>378,785</u>	<u>499,443</u>	<u>40,641</u>	<u>(21,612)</u>	<u>160,534</u>
Beginning Fund Balance .....	1,296,436	796,993	757,418	779,030	618,496
Adjustments to Beginning Fund Balance (2) .....	-	-	(1,066)	-	-
Beginning Fund Balance as Adjusted .....	<u>1,296,436</u>	<u>796,993</u>	<u>756,352</u>	<u>779,030</u>	<u>618,496</u>
Ending Fund Balances .....	<u>\$ 1,675,221</u>	<u>\$ 1,296,436</u>	<u>\$ 796,993</u>	<u>\$ 757,418</u>	<u>\$ 779,030</u>

- (1) The major special revenue funds include the Education Fund, Uniform School Fund, Transportation Fund, and Transportation Investment Fund.  
(2) Due primarily to changes in accounting standards.

(Source: Division of Finance. Except as otherwise noted, this financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

## Property Tax Matters

*Ad Valorem Levy.* Though authorized to do so under Part 9 of the Property Tax Act (defined below), the State does not presently levy ad valorem property taxes. However, if the State does not have sufficient moneys available to pay principal and interest on its general obligation bonds from sources other than ad valorem taxes, the State Tax Commission would be required to levy ad valorem property taxes on all taxable property in the State to cover the deficit.

*Property Tax Act.* The State Constitution and Title 59, Chapter 2, Utah Code (the “Property Tax Act”) provide that all taxable property is assessed and taxed at a uniform and equal rate on the basis of 100% of its “fair market value” as of January 1 of each year, unless otherwise provided by law. Section 3 (2) (a) (iv) of Article XIII of the State Constitution provides that the Legislature may exempt from property tax up to 45% of the “fair market value” of residential property. The Legislature has enacted legislation that reduces the “fair market value” of primary residential property 45%. No more than one acre of land per residential unit may qualify for the residential exemption.

The following tables reflect the effect of the current 45% reduction from Fair Market Value for assessment of ad valorem property tax. The second table shows the Centrally-Assessed Property compared with the Locally-Assessed property.

### Taxable Value Compared with Fair Market Value of All Taxable Property in the State

Tax Year	Taxable Value (1)	% Change Over Prior Year	Fair Market Value	% Change Over Prior Year
2006 .....	\$ 154,663,248,988	16.8 %	\$ 218,864,053,927	17.1 %
2005 .....	132,372,801,410	7.4	186,836,223,701	8.0
2004 .....	123,210,372,102	5.0	173,003,833,163	5.1
2003 .....	117,371,436,772	2.7	164,567,249,587	3.1
2002 .....	114,320,788,860	3.6	159,659,350,270	4.2

(1) Taxable values were calculated by reducing the fair market value of primary residential property by 45%, representing the current partial property tax exemption for such property. Includes redevelopment valuation.

(Source: Property Tax Division, Utah State Tax Commission.)

### Historical Summaries of Taxable Values of Property

	2006		2005	2004	2003	2002
	Taxable Value	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
<i>Set by State Tax Commission (Centrally Assessed)</i>						
Natural Resources .....	\$ 6,219,779,718	3.7 %	\$ 4,898,371,950	\$ 4,211,778,705	\$ 3,002,785,404	\$ 3,336,164,284
Utilities .....	9,552,461,539	7.0	9,293,092,255	9,509,472,931	9,742,802,798	9,380,729,030
Total Centrally Assessed ....	15,772,241,257	10.7	14,191,464,205	13,721,251,636	12,745,588,202	12,716,893,314
<i>Set by County Assessor (Locally Assessed)</i>						
Real Property:						
Primary Residential .....	78,264,051,562	50.1	66,358,371,700	60,635,462,669	57,428,791,528	55,154,680,220
Commercial .....	32,588,392,214	21.6	28,604,861,843	25,204,539,225	25,995,762,668	25,524,121,711
Other Real .....	19,383,478,151	11.3	14,895,471,950	15,622,104,219	12,900,782,786	12,346,922,189
Total Real Property .....	130,235,921,927	83.0	109,858,705,493	101,462,106,113	96,325,336,982	93,025,724,120
Personal Property:						
Total Personal Property .....	8,655,085,804	6.3	8,322,631,712	8,027,014,353	8,300,521,588	8,578,171,426
Total Locally Assessed .....	138,891,007,731	89.3	118,181,337,205	109,489,120,466	104,625,858,570	101,603,895,546
Total Taxable Value .....	\$ 154,663,248,988	100.0 %	\$ 132,372,801,410	\$ 123,210,372,102	\$ 117,371,446,772	\$ 114,320,788,860

(Source: Property Tax Division, Utah State Tax Commission.)

## State Revenues, Expenditures, and Fund Balances

The State receives revenues from three principal sources: taxes, including sales and use, individual income, corporate franchise, motor and special fuel, and other miscellaneous taxes; federal grants-in-aid; and miscellaneous charges and receipts, including licenses, permits and fees; the State's share of mineral royalties; bonuses on federal land; and other miscellaneous revenues. Revenues received in the governmental fund types (excluding the Trust Lands permanent fund) are as follows:

Fiscal Year Ended June 30 (in thousands)										
	2007	% (1)	2006	% (1)	2005	% (1)	2004	% (1)	2003	% (1)
Taxes .....	\$ 5,797,563	62%	\$ 5,281,485	60%	\$ 4,467,665	59%	\$ 3,989,188	57%	\$ 3,765,460	59%
Federal										
Contracts										
and Grants .....	2,480,016	26	2,524,022	29	2,366,786	31	2,295,428	33	2,049,922	31
All Other Misc.										
Revenue .....	1,084,752	12	972,222	11	792,830	10	694,951	10	619,498	10
Total All										
Funds .....	\$ 9,362,331	100%	\$ 8,777,729	100%	\$ 7,627,281	100%	\$ 6,979,567	100%	\$ 6,434,880	100%

(1) Percentage of total Governmental Fund Revenue.

(Source: Division of Finance.)

*Revenue Summary.* For the Fiscal Year 2007, General Fund revenues from all sources totaled approximately \$4.6 billion. Of this amount, 39% came from federal contracts and grants, 40% came from sales tax, 6% came from charges for services and licenses, permits, and fees, 9% came from federal mineral lease, investment income and miscellaneous and other revenues, and 6% came from other tax sources. The General Fund revenue includes credit for profits of the Liquor Enterprise Fund, which amounted to \$53.2 million.

In the Education Fund for Fiscal Year 2007, revenues from all sources totaled approximately \$3 billion. Of this amount, 86% came from individual income taxes, and 14% came from corporate franchise taxes.

In the Uniform School Fund for Fiscal Year 2007, revenues from all sources totaled approximately \$451.4 million. Of this amount, 82% came from federal contracts and grants, 11% came from other miscellaneous revenue sources, and 7% came from investment income, charges for services and licenses, permits and fees.

In the Transportation Fund for Fiscal Year 2007, revenues from all sources totaled approximately \$874.4 million. Of this amount, 42% came from motor and special fuel taxes, 29% came from federal contracts and grants, 15% came from charges for services and licenses, permits, and fees, and 14% came from other miscellaneous unrestricted taxes and fees.

In the Transportation Investment Fund for Fiscal Year 2007, revenues from all sources totaled \$268.9 million. Of this amount, 82% came from sales tax revenue, 9% came from federal contracts and grants, 8% came from motor vehicle registration fees, and 1% came from interest income.

## Additional Historical Financial Information of the State

The following tables, which have been prepared by the State's Division of Finance, are based on audited financial information and has not been otherwise independently audited. These financial summaries are not presented in a form that can be easily recognized or extracted from the State's audited basic financial statements.

### Revenues by Source

#### All Governmental Fund Types (1)

	Fiscal Year Ended June 30 (in thousands)				
	2007	2006	2005	2004	2003
Taxes:					
Sales and Use Tax .....	\$ 2,109,732	\$ 1,915,600	\$ 1,699,636	\$ 1,553,909	\$ 1,481,823
Individual Income Tax .....	2,589,252	2,324,365	1,946,593	1,706,774	1,587,520
Corporate Tax .....	411,929	379,624	209,304	165,893	161,129
Motor and Special Fuels Tax .....	366,446	344,902	336,417	327,838	321,370
Other Taxes .....	320,204	316,994	275,715	234,774	213,618
Total Taxes .....	<u>5,797,563</u>	<u>5,281,485</u>	<u>4,467,665</u>	<u>3,989,188</u>	<u>3,765,460</u>
Other Revenues:					
Federal Contracts and Grants .....	2,480,016	2,524,022	2,366,786	2,295,428	2,049,922
Charges for Services .....	347,038	329,576	273,499	242,780	211,756
Licenses, Permits, and Fees .....	120,349	113,684	121,382	113,625	110,315
Federal Mineral Lease .....	145,985	156,851	82,704	67,216	47,307
Federal Aeronautics .....	44,074	37,521	34,416	25,821	18,791
Intergovernmental .....	23,332	9,109	4,104	11,395	8,463
Investment Income .....	142,357	85,580	45,017	25,943	29,418
Miscellaneous and Other .....	261,617	239,901	231,708	208,171	193,448
Total Other Revenues .....	<u>3,564,768</u>	<u>3,496,244</u>	<u>3,159,616</u>	<u>2,990,379</u>	<u>2,669,420</u>
Total Revenues .....	<u>\$ 9,362,331</u>	<u>\$ 8,777,729</u>	<u>\$ 7,627,281</u>	<u>\$ 6,979,567</u>	<u>\$ 6,434,880</u>

(1) Includes all governmental fund types, except Trust Lands.

(Sources: Division of Finance and the 2007 CAFR.)

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## Expenditures by Function

### All Governmental Fund Types (1)

Function	Fiscal Year Ended June 30 (in thousands)				
	2007	2006	2005	2004	2003
General Government .....	\$ 268,775	\$ 239,838	\$ 178,891	\$ 176,907	\$ 170,666
Human Services and Youth Corrections .....	627,598	593,392	576,871	553,136	533,898
Corrections, Adult .....	229,198	205,310	198,030	188,951	179,115
Public Safety .....	172,427	179,622	163,072	150,353	125,517
Courts .....	119,650	114,111	107,807	102,302	98,784
Health and Environmental Quality .....	1,620,400	1,634,619	1,461,618	1,342,903	1,175,092
Higher Education - State Administration .....	49,064	43,505	39,121	32,827	34,891
Higher Education - Colleges and Universities .....	708,063	675,267	637,087	614,922	597,477
Employment and Family Services .....	406,532	413,380	417,037	394,926	363,116
Natural Resources .....	171,014	140,592	123,195	121,461	134,247
Community and Culture .....	108,592	85,231	87,621	89,051	91,986
Business, Labor, and Agriculture .....	91,162	89,255	85,115	72,124	66,382
Public Education .....	2,547,421	2,322,871	2,168,896	2,033,259	1,979,880
Transportation .....	1,221,371	975,565	832,285	811,088	756,634
Capital Outlay .....	196,126	170,748	139,488	173,869	205,861
Debt Service .....	235,011	235,436	273,679	211,960	189,020
Total Expenditures					
All Governmental Fund Types .....	<u>\$ 8,772,404</u>	<u>\$ 8,118,742</u>	<u>\$ 7,489,813</u>	<u>\$ 7,070,039</u>	<u>\$ 6,702,566</u>

### Changes in All Governmental Fund Types (1)

	Fiscal Year Ended June 30 (dollars in millions)				
	2007	2006	2005	2004	2003
Revenues .....	\$ 9,362	\$ 8,778	\$ 7,627	\$ 6,980	\$ 6,435
% change over previous year .....	6.7%	15.1%	9.3%	8.5%	4.3%
Net other financing sources (2) .....	\$ 7	\$ -	\$ 170	\$ 29	\$ 319
Expenditures (3) .....	\$ 8,772	\$ 8,119	\$ 7,490	\$ 7,070	\$ 6,703
% change over previous year .....	8.0%	8.4%	5.9%	5.5%	1.6%

(1) Includes all governmental fund types, except Trust Lands.

(2) Includes bond proceeds, net of any refunding issues, plus financing provided from capital leasing and sale of capital assets.

(3) Funding for expenditures is provided from revenues, beginning balances, bond proceeds, and capital leases issued. Beginning balances are not reflected in this table.

(Sources: Division of Finance and the 2007 CAFR.)

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## Fund Balances

### Fund Balances—All Governmental Fund Types (1)(2)

Fund	Fiscal Year Ended June 30 (in thousands)				
	2007	2006	2005	2004	2003
General .....	\$ 1,079,572	\$ 869,136	\$ 653,979	\$ 485,953	\$ 386,996
Special Revenue:					
Education Fund (3) .....	566,672	-	-	-	-
Uniform School .....	651,724	942,389	406,494	313,886	243,917
Transportation .....	327,017	209,885	206,049	226,081	214,879
Transportation Investment Fund (4) .....	129,808	144,162	184,450	217,451	320,234
Rural Development .....	31,109	25,012	19,922	15,094	12,318
Tobacco Endowment .....	33,221	24,671	18,109	17,759	12,177
Environmental Reclamation .....	30,168	24,135	25,921	23,762	23,291
Crime Victim Reparation .....	8,942	9,690	9,623	10,653	13,526
Miscellaneous Special Rev. ....	10,401	8,343	8,074	7,603	6,489
Universal Telephone Service .....	6,999	7,119	5,076	3,804	4,787
Consumer Education .....	2,774	3,245	3,324	3,564	3,133
State Capitol .....	196	125	51	-	37
Capital Projects .....	135,762	133,630	226,666	122,343	248,021
Debt Service .....	23,534	20,722	12,636	12,842	16,004
Total .....	<u>\$ 3,037,899</u>	<u>\$ 2,422,264</u>	<u>\$ 1,780,374</u>	<u>\$ 1,460,795</u>	<u>\$ 1,505,809</u>

(1) Includes all governmental fund types, except Trust Lands.

(2) Includes restricted and unrestricted fund balances.

(3) Effective fiscal year 2007, the Legislature created the Education Fund. Individual income and corporate taxes are deposited into the Education Fund, then transferred as authorized to the Uniform School Fund and expended for public education. The remainder is used for higher education.

(4) Effective fiscal year 2006, the Legislature created the Transportation Investment Fund and designated that projects, previously reported as part of the Centennial Highway Fund, be reported within this new fund.

(Sources: Division of Finance and the 2007 CAFR.)

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## General Fund

### Revenues, Expenditures, and Fund Balances

		Fiscal Year Ended June 30 (in thousands)				
		2007	2006	2005	2004	2003
Revenues:						
Sales and Use Tax .....	\$	1,860,703	\$ 1,820,992	\$ 1,664,352	\$ 1,521,076	\$ 1,447,281
Other Taxes .....		274,563	271,178	234,710	200,167	187,397
Federal Contracts and Grants .....		1,818,571	1,859,583	1,776,555	1,741,580	1,524,832
Charges for Services .....		267,479	256,025	238,181	204,874	182,090
Licenses, Permits, and Fees .....		20,479	18,725	17,866	18,029	17,745
Federal Mineral Lease .....		145,985	156,851	82,704	67,216	46,335
Investment Income .....		94,448	47,027	16,483	6,897	8,258
Miscellaneous and Other .....		166,471	164,890	148,015	143,033	124,422
Total Revenues .....	\$	<u>4,648,699</u>	<u>\$ 4,595,271</u>	<u>\$ 4,178,866</u>	<u>\$ 3,902,872</u>	<u>\$ 3,538,360</u>
% change over previous year .....		1.2%	10.0%	7.1%	10.3%	6.6%
Expenditures .....	\$	<u>4,497,679</u>	<u>\$ 4,333,467</u>	<u>\$ 4,016,667</u>	<u>\$ 3,775,296</u>	<u>\$ 3,519,422</u>
% change over previous year .....		3.8%	7.9%	6.4%	7.3%	3.1%
Fund Balance: (1)						
Unreserved, Designated .....	\$	603,165	\$ 483,510	\$ 366,992	\$ 255,531	\$ 156,016
Unreserved, Undesignated .....		64,807	85,129	24,627	16,359	-
Reserved .....		411,600	300,497	262,360	214,063	230,980
Total Fund Balance .....	\$	<u>1,079,572</u>	<u>\$ 869,136</u>	<u>\$ 653,979</u>	<u>\$ 485,953</u>	<u>\$ 386,996</u>

(1) The Fund Balance is derived from revenues, expenditures, transfers, and other financing sources which are not presented in this table and the beginning fund balance from the prior fiscal year.

(Sources: Division of Finance and the 2007 CAFR.)

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STATE OF UTAH FISCAL YEAR ENDED JUNE 30, 2007  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Included with this supplement is the State's Comprehensive Annual Financial Report ("CAFR") for the year ended June 30, 2007.

Additionally, the CAFR and the State's Continuing Disclosure may be found on the "world wide web" at the State of Utah, Division of Finance internet site at:

<http://www.finance.utah.gov/main>

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# State of Utah

Comprehensive Annual Financial Report



'07

For the Fiscal Year Ended **June 30, 2007**

**State Of Utah**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For The Fiscal Year Ended June 30, 2007

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**CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH**

Jon M. Huntsman, Jr. .... Governor  
Gary R. Herbert..... Lt. Governor  
Auston G. Johnson, CPA ..... State Auditor  
Edward T. Alter, CPA..... State Treasurer  
Mark L. Shurtleff ..... Attorney General  
John L. Valentine ..... President of the Senate  
Greg J. Curtis ..... Speaker of the House  
Christine M. Durham ..... Chief Justice, Supreme Court

**OTHER STATE OFFICIALS**

Kimberly K. Hood..... Executive Director, Department of Administrative Services  
John C. Reidhead, CPA ..... Director, Division of Finance  
John E. Nixon, CPA..... Director, Governor's Office of Planning and Budget  
Jonathan C. Ball ..... Director, Office of the Legislative Fiscal Analyst  
John M. Schaff, CIA ..... Auditor General, Office of the Legislative Auditor General  
Michael E. Christensen ..... Director, Office of Legislative Research and General Counsel

**ACKNOWLEDGMENTS**

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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.



**Department of Administrative Services:** Division of Finance Accounting Standards and Financial Reporting Section

**State of Utah**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2007  
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## State of Utah

JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

## Department of Administrative Services

Kimberly K. Hood  
Executive Director

### Division of Finance

John C. Reidhead, CPA  
Director

November 20, 2007

To the Citizens, Governor,  
and Members of the Legislature  
of the State of Utah:

It is our pleasure to present the 2007 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A-3-204 of the *Utah Code*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

**Internal Control.** The State's systems of internal control over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

**Independent Auditors.** In compliance with state statute, an annual financial audit of the "State Entity" is completed each year by the Utah State Auditor's Office in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The State Auditor's report on the Basic Financial Statements is included in the Financial Section of this report.

Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the State Auditor's report, is issued in a separate report and will be available at a later date.

**Management's Discussion and Analysis (MD&A).** The discussion and analysis beginning on page 14 provides an overview and analysis of the State's Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

### PROFILE OF THE GOVERNMENT

**Structure.** As shown in the organizational chart on page 10, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government services provided to citizens include building and maintaining roads; providing public safety,



health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

This report includes all funds of the State of Utah and includes all departments, agencies, and other organizational units governed by the Legislature and/or the constitutional officers of the State. In addition to these *primary government* activities, this report includes information related to component units that are financially accountable to the State. Although such information is provided in this report, the MD&A and Basic Financial Statements focus on the primary government and its activities. Separately issued financial statements are available from the significant discretely presented component units and should be read to obtain a better understanding of their financial conditions. Additional information on all discretely presented components units can be found in the notes to the financial statements (see Note 1. A.).

**Budgetary Control.** The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget by fund, function (e.g., health), and activity (e.g., medical assistance) to the Legislature. The Legislature authorizes expenditures in the annual *Appropriations Acts*. The Acts also identify the sources of funding for budgeted expenditures. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the Legislature to address budget issues. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that departments and funds will not end the fiscal year in a deficit position. For additional information on budgetary control see the notes to Required Supplementary Information on page 118.

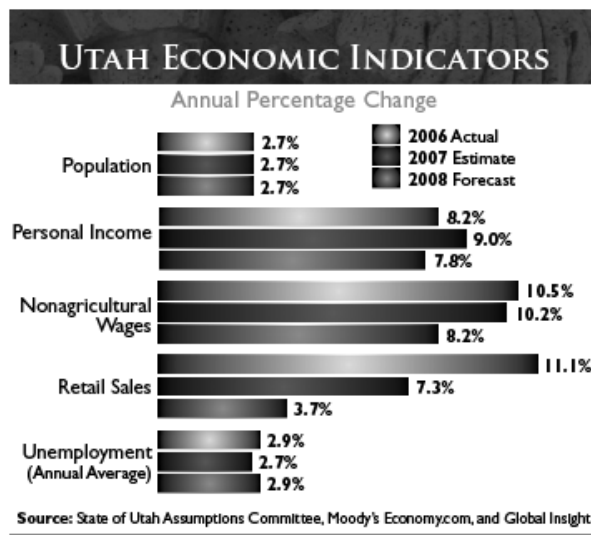
**Budget Stabilization.** In accordance with Sections 63–38–2.5 and 2.6 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the “Rainy Day Fund”) and an Education Budget Reserve Account in the Education Fund (the “Education Reserve”). State law requires 25 percent of any surplus in the General Fund to be deposited in the Rainy Day Fund and 25 percent of any surplus in the Uniform School Fund and Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the combined totals of the Rainy Day Fund and Education Reserve based on the amount of appropriations from certain funds for the fiscal year in which the surplus occurred. In addition to the Rainy Day Fund and Education Reserve, the Legislature created the Disaster Recovery Restricted Account in the 2007 General Session to fund costs to the State directly related to a declared disaster. According to Section 63–38–2.7 of the *Utah Code*, this fund receives 25 percent of the surplus in the General Fund, after the transfer to the Rainy Day Fund has been made.

**Spending Limitation.** The State has an appropriation limitation statute that limits the growth in the combined appropriations from the General Fund and from income tax revenues for higher education to the relative growth in population and inflation. For the fiscal year ended June 30, 2007, the State was \$17.2 million below the appropriations limitation. The State is currently below the fiscal year 2008 appropriations limitation by \$33.9 million.

## ECONOMIC CONDITIONS AND OUTLOOK

**Economy.** Nationally, corporate before-tax profits increased 14.3 percent in 2006 and are expected to rise only 2.2 percent through the end of 2007 as the economy continues to slow. The national unemployment rate was 4.6 percent in 2006, and is expected to stay at 4.6 percent in 2007, and increase to 5 percent in 2008. Utah's economic indicators continue to be strong, ranking among the best in the nation as Utah's economic expansion continues for its fourth consecutive year.

Utah's unemployment rate is expected to decrease from 2.9 percent in 2006 to 2.7 percent in 2007. Utah's economy continues to provide strong income and wage gains for Utah workers. In 2006, personal income and nonagricultural wages rose by 8.2 percent and 10.5 percent, respectively. In 2007, personal income is expected to increase 9 percent and nonagricultural wages by 10.2 percent. Retail sales grew by 11.1 percent in 2006, and are expected to grow by 7.3 percent in 2007, and 3.7 percent in 2008. Both personal income and retail sales are up significantly from the lows in 2003 of 2.1 percent



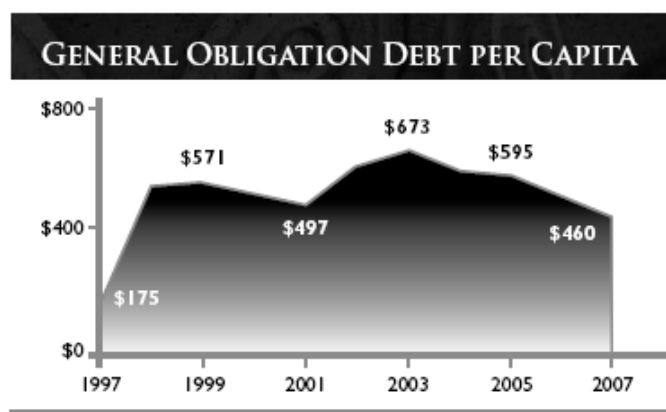
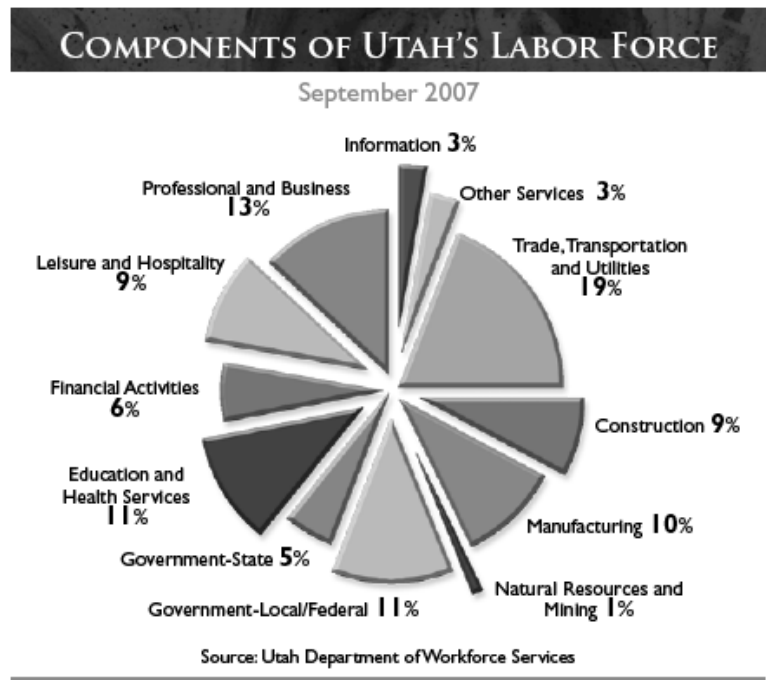
and 2.5 percent growth, respectively. In 2006, total construction value reached a new record at \$7.4 billion, representing a 12.5 percent increase over the 2005 record. Construction valuation in 2007 is expected to be slightly less at \$7.2 billion. In 2006, residential construction also reached a new record of \$4.9 billion, but will slow somewhat as the number of new building permits declines. While residential construction slows, nonresidential projects are still strong, with billions planned in new construction. Utah continues to grow through net in-migration of approximately 29,000 in 2006. Utah has had net in-migration for the past 17 years and this trend is expected to continue in the coming years.

**Industries.** Utah's nonagricultural employment is expected to increase 4.4 percent in 2007. From September 2006 to September 2007, every industry experienced positive employment growth led by construction (11.7 percent) and natural resources (10.8 percent). Other industries experiencing strong growth in the past year were financial activities (5.7 percent); trade, transportation and utilities (4.6 percent); professional and business services (4.4 percent); leisure and hospitality (4.3 percent); education and health services (4.1 percent); and manufacturing (3.9 percent). In numerical terms, approximately 53,500 new jobs were created in Utah from September 2006 to September 2007. Construction added 11,800 new jobs, leading the way for the third straight year with the most new jobs added. Trade, transportation and utilities added 11,000 new jobs. Other sectors that added new jobs were professional and business services (7,000), education and health services (5,600), manufacturing (4,800), leisure and hospitality (4,700), and financial activities (4,100). Utah's strong employment growth over the past four years has driven the economic boom. This is due in large part to net in-migration and a surge in the 20 to 30 year-old age group entering the workforce and consuming goods and services. The population surge creates the need for more housing, retail space, healthcare and financial services, and manufactured goods. This in turns brings new businesses to the region as they relocate or open satellite operations to be near the growth. Population growth fuels a vibrant economy, which then attracts more population growth.

**Outlook.** Utah's economic expansion is expected to continue with growth moderating slightly. Strong growth is expected in non-residential construction, professional and business services, and natural resources and mining. The State continues to be positioned well for long-term economic growth.

## LONG-TERM FINANCIAL PLANNING

**Debt Administration.** The State's general obligation bonded debt jumped significantly in 1998 due to issuing bonds for highway construction, mostly for rebuilding I-15 in Salt Lake County. Total general obligation debt remained fairly stable from 1999 through 2001. In fiscal years 2002 through 2003, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing more bonds for highway and building projects that otherwise would have been funded from current revenues. During fiscal year 2004, the State advance refunded \$316.485 million of general obligation bonds to take advantage of continued low interest rates, but did not issue any other general obligation bonds. During fiscal year 2005, the State issued \$140.6 million of general obligation bonds for



highway and capital facilities construction. The State issued no new general obligation bonds during fiscal years 2006 and 2007, but provided funding for building and transportation projects under a “Pay-As-You-Go” plan, using one-time and ongoing money. During the 2007 General Session, the Legislature authorized \$1.1 billion in general obligation bonds for highway projects to address critical needs and in anticipation of future growth, spurred by the Governor’s economic development initiatives. In early fiscal year 2008, the State issued \$75 million in general obligation bonds for highway and capital facility construction. More information about the State’s long-term debt is found in Note 10 to the Basic Financial Statements.

## MAJOR INITIATIVES

Utah experienced record economic growth in fiscal year 2007. State funds are projected to increase 17 percent in fiscal year 2008, or \$768 million more than the adopted fiscal year 2007 revenues. These additional funds were directed to priorities such as education, tax reform, and infrastructure.

**Education.** Funding for education was a major priority for the Governor and the Legislature during the 2007 General Session. The State provided an \$88 million increase in ongoing money for fiscal year 2008 through a 4 percent increase in the value of the Weighted Pupil Unit to fund increases in teacher salaries and benefits and increased operating costs. Other increases for fiscal year 2008 include: \$68.7 million in ongoing money and \$40 million one-time money for educator compensation; \$65.9 million for new student enrollment, projected at 14,530 for the 2007–2008 school year; \$50 million one-time for school buildings through capital outlay funds; \$50 million one-time money to update instructional technology; \$30 million one-time to establish an optional extended day kindergarten; and \$12 million (\$4 million ongoing) to assist school districts in meeting transportation costs. House Bill 318, *Charter School Facilities Financing Act*, created the State Charter School Financing Authority to provide financing opportunities for charter school facilities. The Legislature also significantly revised the existing charter school program, providing \$14.2 million ongoing and \$9.5 million one-time to support the changes. An additional \$6 million was placed into a revolving account for charter school facilities.

For fiscal year 2008, the State provided Higher Education with an additional \$90.5 million in ongoing state funds. This included a \$32.6 million increase for salary and health benefits; \$7.4 million to enhance four-year degree opportunities in rural areas; \$16.8 million for institutional priorities; \$3.8 million for student financial aid; \$3.5 million for engineering, technology, and nursing initiatives; and other amounts to mitigate tuition increases.

**Tax Reform and Economic Revitalization.** In 2006 and 2007, the Governor and Legislature advanced a series of significant income and sales tax changes to reduce the tax burden on Utah residents and businesses, and improve the economic environment. The Legislature enacted Senate Bill 223, *Tax Amendment* during the 2007 General Session, an omnibus tax bill that establishes a new single-rate income tax of 5 percent, effective in tax year 2008. The bill allows certain tax credits to be taken, which will reduce tax liability on a dollar for dollar basis. The bill also reduces the general sales tax from 4.75 to 4.65 percent and the sales tax on food from 2.75 to 1.75 percent. Most provisions of the bill become effective January 1, 2008. The 2007 tax reform initiatives are expected to cut projected revenue growth from ongoing state revenue by 28.6 percent, and return approximately \$220 million to taxpayers in the first full budget year of implementation (fiscal year 2009). In fiscal year 2008, the total state revenue reduction is estimated to be \$73 million.

**Infrastructure.** In keeping with the State’s prudent fiscal management policies, the State avoided debt by paying cash for buildings and many of its transportation projects. For fiscal year 2008, legislators appropriated a total of \$159.4 million one-time money and \$30 million ongoing for new state-funded capital facilities projects, including the State Capitol renovation, a health laboratory, and new courthouse. Ongoing funding for capital improvement projects increased by \$10.1 million to \$73.1 million for fiscal year 2008.

The Governor and the Legislature continued their commitment to fund transportation projects. For fiscal year 2008, House Bill 314, *Transportation Funding Revisions*, created the Critical Highway Needs Fund and directed \$90 million of ongoing of sales and use tax revenue into the fund for highway projects. The Legislature also authorized \$1.1 billion in general obligation bonds and directed the Department of Transportation to establish a prioritized list of projects that will be funded with the bond proceeds. For Centennial Highway Fund projects, the State appropriated \$249 million one-time general fund money for fiscal year 2008. The fund will also receive an estimated \$173 million of ongoing money for the Centennial Highway Fund from general sales tax revenue. Finally, one-time appropriations of \$100 million from the General Fund were approved for construction related infrastructure improvements for fiscal year 2008.

**Other Postemployment Benefit Plans.** In anticipation of Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Legislature took steps to contain the State’s postemployment benefit liability by creating the State Post-Retirement Benefits Trust Fund, an



irrevocable trust fund, effective in fiscal year 2007. In addition, the Legislature appropriated \$51.1 million in fiscal year 2007 and approximately \$54 million in fiscal year 2008, which represents a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the postemployment benefits over a period of twenty-five years. The assets of the trust fund are legally protected and dedicated to providing postemployment health and life insurance coverage to current and future state retirees.

### AWARDS AND ACKNOWLEDGEMENTS

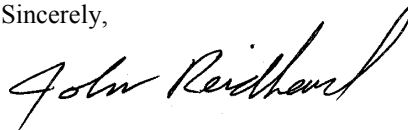
The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the twenty-second consecutive year the State has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Division of Finance, Department of Administrative Services. We also express our appreciation to the budget and accounting officers throughout state government and to the Utah State Auditor's Office for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,

A handwritten signature in black ink, reading "John Reidhead". The signature is fluid and cursive, with the first name "John" and last name "Reidhead" clearly distinguishable.

John C. Reidhead, CPA  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Ronald J. Han".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# STATE OF UTAH ORGANIZATION CHART



**FINANCIAL SECTION**

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**Auston G. Johnson, CPA**  
UTAH STATE AUDITOR

**STATE OF UTAH**  
**Office of the State Auditor**

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Stan Godfrey, CPA  
Jon T. Johnson, CPA

**INDEPENDENT STATE AUDITOR'S REPORT**

To the Members of the Legislature  
of the State of Utah and  
The Honorable Jon M. Huntsman, JR.  
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of and for the year ended June 30, 2007, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Utah Housing Corporation, Utah Public Employees Group Insurance, the University of Utah's hospital and component units, the Utah State University Research Foundation, certain other college and university foundations, the Dairy Commission, and the Utah State Retirement Office, which represent 38 percent of both the assets and the revenues of the aggregate discretely presented component units and 74 percent of the assets and 28 percent of the revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 20, 2007, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 14 through 23 and the required supplementary information on pages 112 through 121 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, the supplementary information – combining statements and individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information – combining statements and individual fund statements and schedules on pages 126 through 185 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section on pages 1 through 10 and the statistical section on pages 189 through 227 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in dark ink, appearing to read "Auston G. Johnson". The signature is fluid and cursive, with the first name "Auston" being more prominent.

Auston G. Johnson, CPA  
Utah State Auditor  
November 20, 2007

## INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and position, providing an overview of the State's activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

## HIGHLIGHTS

### Government-wide

- The State's total net assets increased \$1.972 billion or 14.1 percent over the prior year. Net assets of governmental activities increased \$1.718 billion or 14.4 percent due to a strong economy and active resource management. Net assets of business-type activities also grew significantly, increasing by \$254.3 million or 12.3 percent, primarily due to revenues from employers' unemployment premiums exceeding benefit payments for the third consecutive year.

### Fund Level

- Combined tax revenues were 2.1 percent higher in the General Fund and 11 percent higher in the Education Fund than the prior year. Overall, sales tax revenues grew by 10.6 percent. However, the Legislature reduced the sales tax rate on unprepared food by 2 percent and diverted additional sales tax revenues to fund highway projects. Thus, sales tax revenue in the General Fund grew by only 2.2 percent. The State's economic slowdown in fiscal years 2002 and 2003 and subsequent improvement in fiscal years 2004 through 2006 was similar to the trend of the national economy. However, in fiscal year 2007, Utah's economic expansion was above that of the national economy.
- The General Fund and Uniform School Fund ended the fiscal year with "surplus" from unreserved and undesignated sources of \$64.8 million and \$176.9 million, respectively. Balances in the General Fund Budget Reserve Account ("Rainy Day Fund") and the Education Budget Reserve Account are at an all time high of \$170.6 million and \$142.8 million respectively, as a result of appropriations to these funds authorized by the Legislature. In addition, by law, \$22.1 million of the surplus in the General Fund was transferred to the newly created Disaster Recovery Restricted Account.

### Long-term Debt

- The State's long-term bonded debt decreased a net \$174.6 million or 4.5 percent through payment of principal balances on outstanding debt. No new general obligation bonds or revenue bonds were issued.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes the State's Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

### Government-wide Statements – Reporting the State as a Whole

The Statement of Net Assets and the Statement of Activities beginning on page 27 together comprise the *government-wide financial statements*. These statements provide a broad overview of the State's finances as a whole with a long-term focus and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's *net assets* – the difference between total assets and total liabilities – and how they have changed from the prior year. Over time, increases and decreases in net assets measure whether the State's overall financial condition is getting better or worse. In evaluating the State's overall condition, however, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

*Governmental Activities* – Most of the State's basic services fall under this activity including education, transportation, public safety, courts, corrections, health, and human services. Taxes and federal grants are the major funding sources for these programs.

*Business-type Activities* – The State operates certain activities much like private-sector companies by charging fees to customers to cover all or most of the costs of providing the goods and services. Student loans, unemployment compensation, water project loan programs, and liquor sales are examples of business-type activities.

*Component Units* – A number of entities are legally separate from the State, yet the State remains financially accountable for them. Colleges and Universities, Utah Housing Corporation, and Utah State Fair Corporation are examples of component units.

### **Fund Financial Statements – Reporting the State's Most Significant Funds**

The fund financial statements beginning on page 32 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that the State uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the State's funds are divided into three types, each of which uses a different accounting approach.

*Governmental Funds* – Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as *governmental activities* in the government-wide statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at yearend that are available for future spending. This *short-term* view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

*Proprietary Funds* – Proprietary funds include enterprise funds and internal service funds and account for state activities that are operated much like private-sector companies. Like the government-wide statements, proprietary fund statements are presented using the *full-accrual* basis of accounting. Activities whose customers are mostly outside of state government (e.g., water project loans to local governments) are accounted for in *enterprise funds* and are the same functions reported as *business-type activities*. Thus, the *enterprise fund* financial statements reinforce the information reported for *business-type* activities in the government-wide statements, but provide more detail and additional information, such as cash flows. Activities whose customers are mostly other state agencies (e.g., motor pool) are accounted for in *internal service funds*. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

*Fiduciary Funds* – Fiduciary funds account for assets that, because of trust relationships, can be used only for trust beneficiaries. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use *full-accrual* accounting, but are *not* included in the government-wide statements because their assets are not available to finance the State's own programs.

### **Reconciliation between Government-wide and Fund Statements**

The financial statements include schedules on pages 34 and 38 that reconcile and explain the differences between the amounts reported for *governmental activities* on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the *governmental* fund statements (modified accrual accounting, short-term focus). The following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements, but are expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred revenue on the governmental fund statements.

### **Notes to the Financial Statements**

The notes beginning on page 58 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

### **Required Supplementary Information (RSI)**

Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to infrastructure. In addition, the RSI includes schedules on the funded status and employer contributions for the State's defined benefit Other Postemployment Benefit Plan. RSI further supports the information in the basic financial statements.

### **Supplementary Information**

Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor proprietary and fiduciary funds and for nonmajor discretely presented component units. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the line item level of the *Appropriation Acts*.



## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

**Net Assets**

The State's total net assets increased \$1.972 billion or 14.1 percent in fiscal year 2007. In comparison, net assets in the prior year increased \$1.864 billion or 15.3 percent. This increase in net assets resulted from a strong economy and the active management of state resources. Approximately \$726.9 million of the increase was in net capital assets as the State's investment in highways and buildings exceeded depreciation and no additional debt was used to finance projects. Total restricted net assets increased \$859.4 million or 24.4 percent over the prior year. The \$664.3 million increase in restricted net assets of governmental activities was primarily due to an increase of \$351.6 million in expendable net assets for public education as a result of increased individual income and corporate tax revenues. Also, nonexpendable net assets for public education increased \$232.9 million as a result of an increase in net earnings in the permanent Trust Lands Fund. Restricted net assets in business-type activities increased \$195 million primarily due to unemployment compensation revenues exceeding related claims by \$150.9 million. The increase of \$307.3 million in unrestricted net assets of governmental activities was primarily due to an increase in the unrestricted carry-forward balances in the General Fund and other governmental funds of \$190.6 million and \$110.6 million, respectively. The increase of \$78.3 million in unrestricted net assets of business-type activities was the result of normal operations and is primarily due to the State providing additional capital to the loan funds from mineral lease revenues and sales taxes. Net assets of business-type activities generally can be used only to finance the on-going operations of business-type activities.

**State of Utah**  
**Net Assets as of June 30**  
*(Expressed in Thousands)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Current and Other Assets .....	\$ 5,450,206	\$ 4,356,335	\$ 4,564,541	\$ 4,294,237	\$ 10,014,747	\$ 8,650,572
Capital Assets .....	10,878,861	10,247,267	52,462	66,974	10,931,323	10,314,241
<b>Total Assets .....</b>	<b>16,329,067</b>	<b>14,603,602</b>	<b>4,617,003</b>	<b>4,361,211</b>	<b>20,946,070</b>	<b>18,964,813</b>
Current and Other Liabilities .....	841,033	692,891	45,937	47,057	886,970	739,948
Long-term Liabilities .....	1,815,220	1,955,484	2,251,886	2,249,277	4,067,106	4,204,761
<b>Total Liabilities .....</b>	<b>2,656,253</b>	<b>2,648,375</b>	<b>2,297,823</b>	<b>2,296,334</b>	<b>4,954,076</b>	<b>4,944,709</b>
<b>Net Assets:</b>						
Invested in Capital Assets,						
Net of Related Debt .....	9,465,667	8,719,751	13,008	32,068	9,478,675	8,751,819
Restricted .....	3,043,599	2,379,269	1,334,737	1,139,691	4,378,336	3,518,960
Unrestricted .....	1,163,548	856,207	971,435	893,118	2,134,983	1,749,325
<b>Total Net Assets .....</b>	<b>\$ 13,672,814</b>	<b>\$ 11,955,227</b>	<b>\$ 2,319,180</b>	<b>\$ 2,064,877</b>	<b>\$ 15,991,994</b>	<b>\$ 14,020,104</b>
Percent change in total net assets from prior year .....	14.4 %		12.3 %		14.1 %	

The largest component of the State's net assets, 59.3 percent, reflects investments in capital assets (e.g., land, buildings, equipment, roads, and other infrastructure) less the outstanding debt issued to finance those assets. As capital assets, these resources are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net assets comprise 27.4 percent of total net assets and are subject to constitutional, legal, or external constraints on how they can be used. Net assets that are restricted by the *Constitution of Utah* include income and corporate taxes that can be used only for public and higher education costs and motor fuel taxes that can be used only for transportation expenses.

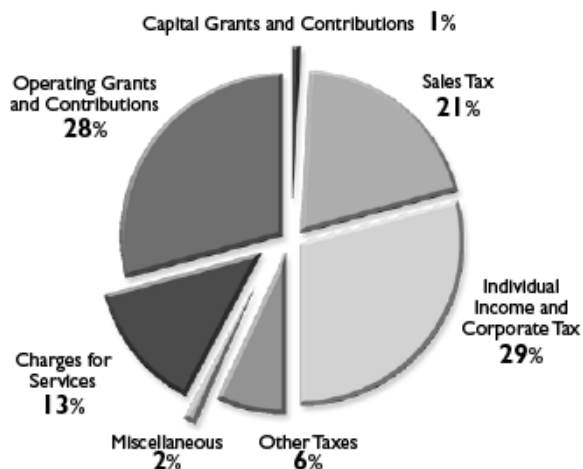
The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations, though certain laws and internally imposed designations of resources further limit the purposes for which many of those net assets may be used.

The following schedule and charts summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2007.

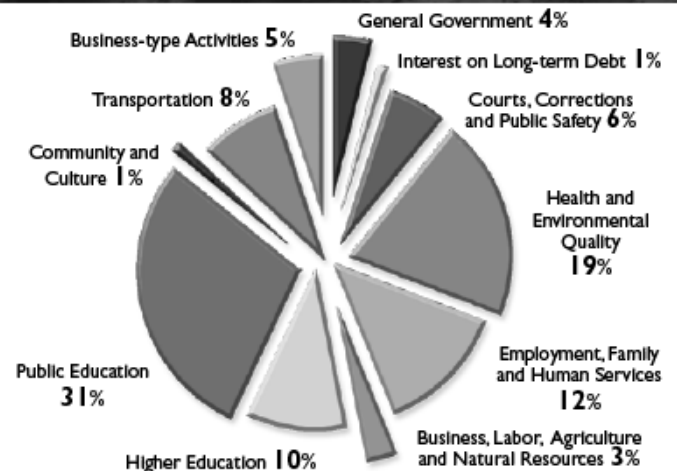
**State of Utah**  
**Changes in Net Assets**  
**for the Fiscal Year Ended June 30**  
*(Expressed in Thousands)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Total Percentage Change</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2006 to 2007</b>
<b>Revenues</b>							
General Revenues:							
Taxes .....	\$ 5,885,196	\$ 5,470,916	\$ 25,440	\$ 14,875	\$ 5,910,636	\$ 5,485,791	7.7 %
Other General Revenues .....	179,503	124,939	877	308	180,380	125,247	44.0 %
Program Revenues:							
Charges for Services .....	732,481	705,095	597,727	589,104	1,330,208	1,294,199	2.8 %
Operating Grants and Contributions .....	2,769,644	2,744,231	138,252	109,140	2,907,896	2,853,371	1.9 %
Capital Grants and Contributions .....	122,939	100,519	—	—	122,939	100,519	22.3 %
<b>Total Revenues .....</b>	<b>9,689,763</b>	<b>9,145,700</b>	<b>762,296</b>	<b>713,427</b>	<b>10,452,059</b>	<b>9,859,127</b>	<b>6.0 %</b>
<b>Expenses</b>							
General Government .....	328,779	289,749	—	—	328,779	289,749	13.5 %
Human Services and Youth Corrections .....	634,265	595,337	—	—	634,265	595,337	6.5 %
Corrections, Adult .....	237,305	208,922	—	—	237,305	208,922	13.6 %
Public Safety .....	172,912	182,042	—	—	172,912	182,042	(5.0)%
Courts .....	115,811	109,180	—	—	115,811	109,180	6.1 %
Health and Environmental Quality .....	1,620,936	1,635,544	—	—	1,620,936	1,635,544	(0.9)%
Higher Education .....	824,503	810,228	—	—	824,503	810,228	1.8 %
Employment and Family Services .....	393,938	405,845	—	—	393,938	405,845	(2.9)%
Natural Resources .....	174,711	133,441	—	—	174,711	133,441	30.9 %
Community and Culture .....	108,110	84,843	—	—	108,110	84,843	27.4 %
Business, Labor, and Agriculture .....	92,441	90,573	—	—	92,441	90,573	2.1 %
Public Education .....	2,548,391	2,321,139	—	—	2,548,391	2,321,139	9.8 %
Transportation .....	702,833	640,251	—	—	702,833	640,251	9.8 %
Interest on Long-term Debt .....	64,019	70,345	—	—	64,019	70,345	(9.0)%
Student Assistance Programs .....	—	—	174,220	152,895	174,220	152,895	13.9 %
Unemployment Compensation .....	—	—	97,692	102,476	97,692	102,476	(4.7)%
Water Loan Programs .....	—	—	13,042	6,560	13,042	6,560	98.8 %
Other Business-type Activities .....	—	—	176,261	155,265	176,261	155,265	13.5 %
<b>Total Expenses .....</b>	<b>8,018,954</b>	<b>7,577,439</b>	<b>461,215</b>	<b>417,196</b>	<b>8,480,169</b>	<b>7,994,635</b>	<b>6.1 %</b>
Excess Before Transfers .....	1,670,809	1,568,261	301,081	296,231	1,971,890	1,864,492	
Transfers .....	46,778	(19,013)	(46,778)	19,013	—	—	
<b>Change in Net Assets .....</b>	<b>1,717,587</b>	<b>1,549,248</b>	<b>254,303</b>	<b>315,244</b>	<b>1,971,890</b>	<b>1,864,492</b>	
Net Assets – Beginning as Adjusted .....	11,955,227	10,405,979	2,064,877	1,749,633	14,020,104	12,155,612	
<b>Net Assets – Ending .....</b>	<b>\$ 13,672,814</b>	<b>\$ 11,955,227</b>	<b>\$ 2,319,180</b>	<b>\$ 2,064,877</b>	<b>\$ 15,991,994</b>	<b>\$ 14,020,104</b>	<b>14.1 %</b>

STATE OF UTAH TOTAL REVENUES - FY 2007



STATE OF UTAH TOTAL EXPENSES - FY 2007



### Changes in Net Assets

This year the State received 56.5 percent of its revenues from state taxes and 29 percent of its revenues from grants and contributions, mostly from federal sources. In the prior year, state taxes accounted for 55.6 percent and grants and contributions were 30 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 14.5 percent of total revenues in fiscal year 2007, compared to 14.4 percent in fiscal year 2006.

### Governmental Activities

The State's total governmental revenues from all sources increased \$544.1 million or 6 percent. Tax revenues increased \$414.3 million or 7.6 percent. This increase in taxes reflects strong economic conditions and is similar to the increase at the fund level. However, due to differences in measurement focus and timing of collections, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. Other significant changes in governmental activities' revenues and expenses mirror the changes in the General Fund at the fund level. For further discussion of these changes, see the section entitled "General Fund" on page 19.

The following table shows to what extent the State's governmental activities relied on taxes and other general revenues to cover all of their costs. For fiscal year 2007, state taxes and other general revenues covered 54.8 percent of expenses. The remaining \$3.625 billion or 45.2 percent of the total expenses were covered by charges for services and grants. Although federal mineral lease revenue decreased \$10.9 million from a record high in fiscal year 2006, it was still the largest single factor that caused program revenues to exceed program expenses by \$20.1 million in the general government function.

**State of Utah**  
**Net Cost of Governmental Activities**  
**for the Fiscal Year Ended June 30**  
*(Expressed in Thousands)*

	Program Expenses 2007	Less Program Revenues 2007	Net Program Costs		Program Revenues as a Percentage of Program Expenses	
			2007	2006	2007	2006
General Government .....	\$ 328,779	\$ (348,851)	\$ (20,072)	\$ (41,766)	106.1 %	114.4 %
Human Services and Youth Corrections .....	634,265	(286,997)	347,268	308,743	45.2	48.1 %
Corrections, Adult .....	237,305	(4,634)	232,671	203,915	2.0	2.4 %
Public Safety .....	172,912	(101,120)	71,792	80,009	58.5	56.0 %
Courts .....	115,811	(46,815)	68,996	61,246	40.4	43.9 %
Health and Environmental Quality .....	1,620,936	(1,225,847)	395,089	369,979	75.6	77.4 %
Higher Education .....	824,503	(2,360)	822,143	808,692	0.3	0.2 %
Employment and Family Services .....	393,938	(330,415)	63,523	52,677	83.9	87.0 %
Natural Resources .....	174,711	(110,612)	64,099	47,404	63.3	64.5 %
Community and Culture .....	108,110	(44,095)	64,015	44,275	40.8	47.8 %
Business, Labor, and Agriculture .....	92,441	(74,522)	17,919	17,499	80.6	80.7 %
Public Education .....	2,548,391	(565,759)	1,982,632	1,814,182	22.2	21.8 %
Transportation .....	702,833	(483,037)	219,796	190,394	68.7	70.3 %
Interest on Long-term Debt .....	64,019	—	64,019	70,345		
<b>Total Governmental Activities .....</b>	<b>\$ 8,018,954</b>	<b>\$ (3,625,064)</b>	<b>\$ 4,393,890</b>	<b>\$ 4,027,594</b>	<b>45.2 %</b>	<b>46.8 %</b>

### Business-type Activities

Revenues from the State's business-type activities increased \$48.9 million or 6.9 percent from the prior year. The increase is primarily due to a \$32.2 million increase in investment income, and a \$10.6 million increase in tax revenues in the Water Loan Programs. Total expenses for the State's business-type activities increased \$44 million, or 10.6 percent. The increase was largely due to interest expense increasing \$35.1 million in the Student Assistance Programs, as a result of rising bond interest rates and bond related fees.

All of the State's business-type activities operate from program revenues, except for the Water Loan Programs and the Agriculture Loan Fund that by law receive dedicated sales taxes and the Community Impact Loan Fund that receives federal mineral lease

revenues to provide additional capital for loans. Accounting standards require unemployment taxes that are collected from employers and deposited in the Unemployment Compensation Fund to be reported as charges for services rather than taxes. Therefore, taxes in the business-type activities are comprised entirely of sales taxes in the water and agriculture loan programs.

## FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

### Fund Balances

At June 30, 2007, the State's governmental funds reported combined ending fund balances of \$4.022 billion. Of this amount, \$1.97 billion or 49 percent is reserved for specific programs by state law, by external constraints, or by contractual obligations. Unspent bond proceeds, balances of restricted accounts, and agencies' nonlapsing balances are included in reserved fund balance. An additional \$1.629 billion or 40.5 percent of total fund balances has been designated through internally imposed limitations on uses of certain funds. Note 11 on page 97 provides more details about reserved and designated fund balances at June 30, 2007. The remaining \$422.4 million or 10.5 percent of fund balance is available for appropriation for the general purposes of the funds.

### State of Utah Governmental Fund Balances as of June 30, 2007 (Expressed in Thousands)

	General Fund	Education Fund	Uniform School Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Reserved .....	\$ 411,600	\$ —	\$ 102,200	\$ 51,285	\$ 110,891	\$ 983,881	\$ 310,350	\$ 1,970,207
Unreserved Designated .....	603,165	566,672	372,577	49,787	18,917	—	17,801	1,628,919
Unreserved Undesignated .....	64,807	—	176,947	225,945	—	—	(45,045)	422,654
<b>Total .....</b>	<b>\$ 1,079,572</b>	<b>\$ 566,672</b>	<b>\$ 651,724</b>	<b>\$ 327,017</b>	<b>\$ 129,808</b>	<b>\$ 983,881</b>	<b>\$ 283,106</b>	<b>\$ 4,021,780</b>
Percent change from prior year ..	24.2 %	63.9 %	9.2 %	55.8 %	(10.0)%	31.0 %	10.3 %	26.7 %

### General Fund

During fiscal year 2007, the General Fund's total fund balance increased \$210.4 million or 24.2 percent. This increase was due in large part to sales tax revenues coming in \$51.3 million greater than budgeted and to \$223.6 million being set aside in the budget and designated by the Legislature for fiscal year 2008 appropriations. In contrast, the Legislature designated \$155.5 million for fiscal year 2007 appropriations in the prior year.

The General Fund ended fiscal year 2007 with a "surplus" from unreserved and undesignated sources of \$88.4 million. State law normally requires 25 percent of the "surplus" to be transferred to the General Fund Budget Reserve Account ("Rainy Day Fund"). However, state law limits the combined totals of the General Fund Budget Reserve Account and Education Budget Reserve Account to 6 percent of combined appropriations from certain funds. At fiscal 2007 yearend, the combined totals exceeded the 6 percent limit. As a result, no surplus transfer was made to the General Fund Budget Reserve Account; however, the Legislature appropriated almost \$32 million in fiscal year 2007 to the account, resulting in an increase to designated fund balance. In addition, the Legislature created the Disaster Recovery Restricted Account, effective for fiscal year 2007, to fund state costs directly related to a declared disaster. According to state law, this fund receives 25 percent of the surplus in the General Fund after any surplus transfer to the General Fund Budget Reserve Account. As a result, \$22.1 million was transferred to the Disaster Recovery Restricted Account, increasing designated fund balance. An additional \$1.5 million was carried forward by law for other purposes as designated for specific appropriation in 2007. The General Fund ended the year with \$64.8 million in unreserved/undesignated fund balance. Miscellaneous changes resulting from other designated and reserved sources account for the remaining change in fund balance. The General Fund Budget Reserve Account ended fiscal year 2007 with a balance of \$170.6 million.

Total General Fund revenues increased \$53.4 million or 1.2 percent from the prior year. Total tax collections increased \$43.1 million or 2.1 percent. The major positive change in tax revenues was sales tax, which increased \$39.7 million or 2.2 percent, a result of Utah's continued strong economy. The growth in sales tax revenue would have been much higher except that the Legislature reduced the sales tax rate on unprepared food by 2 percent, effective January 1, 2007, and diverted additional sales tax revenue to fund transportation projects, as discussed in the section entitled "Transportation Investment Fund" on page 21. Investment income was the largest single factor in increasing non-tax revenues for the fiscal year, as investment income increased \$47.4 million or 100.8 percent due to a favorable interest rate environment the past year. Charges for services increased \$11.5 million or 4.5 percent, driven by demand for services. The increase in revenues were offset by a decrease in federal contracts and grants of \$41 million or 2.2 percent and a decrease in federal mineral lease revenues of \$10.9 million or 6.9 percent.

Total General Fund expenditures increased by \$164.2 million or 3.8 percent. The increase was due in part to a 3.5 percent cost-of-living adjustment provided for state employees, and a 2.3 percent increase for employee benefits. In addition, the General Fund expenditures increased in part due to funding of other postemployment benefits of \$42.8 million, beginning in fiscal year 2007. See also Note 17 beginning on page 107. Significant changes in expenditures also occurred in the following areas:

- *General Government* – Total expenditures in this category increased \$42.2 million. In addition to salary and benefit increases, additional funding was provided for the Governor's economic development plan, a new science and technology initiative (USTAR), and tourism marketing.
- *Human Services and Youth Corrections* – Total expenditures in this category jumped \$33 million due to increased funding and demand for substance abuse and mental health services, people with disabilities, and child and family services.
- *Higher Education* – Total expenditures in this category were up \$32.8 million, primarily due to salary increases, rate increases for retirement and health insurances, increased fuel and power costs, and increases in student financial aid.
- *Natural Resources* – Total expenditures in this category were up \$30.5 million, primarily due to an increase in capital budget expenditures in Parks and Recreation and Wildlife Resources.

### **Budgetary Highlights – General Fund**

The Legislature adopted the initial fiscal year 2007 budget during the 2006 General Session. The original revenue estimates in the General Fund budget at the start of fiscal year 2007, excluding department-specific revenue sources such as federal grants, departmental collections, and including miscellaneous transfers, were 4.3 percent lower than the final fiscal year 2006 budget. The decrease was primarily due to the Legislature reducing the sales tax rate on unprepared food by 2 percent, effective January 1, 2007, and diverting additional sales tax revenue to fund highway projects. Budget expenditures were 7.4 percent higher than the final fiscal year 2006 budget. Carryover funds from fiscal year 2006 were used to fund this increase and offset the decrease in projected revenues. The Legislature increased funding for projected growth in Medicaid expenditures, capital development projects and building maintenance needs, and higher education. Other increases included funding for increases in employee salaries and benefits.

The budget was again addressed during the 2007 General Session of the Legislature (January to March 2007). General revenue estimates had increased \$211.7 million over those adopted in the 2006 General Session primarily due to increased revenue estimates for sales and use tax. Increased revenue estimates allowed the Legislature to designate \$223.6 million of expected excess revenue for fiscal year 2007 appropriations.

Final budgets of department-specific revenue sources increased over original budgets and actual department-specific revenues increased over final budgets mostly due to an increase in federal mineral lease revenues. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues, are generally revised based on actual collections. The difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year. However, \$6 million of unspent budgeted dollars were lapsed back to the General Fund by agencies.

### **Education Fund**

Effective July 1, 2006, the Legislature created the Education Fund and required that all taxes on income and the reserves of the Education Budget Reserve Account be accounted for in this new fund. As a result of this change, a reclassification of \$345.8 million was made to reduce beginning fund balance of the Uniform School Fund and increase the beginning fund balance of the Education Fund. The fund balance of the Education Fund (as adjusted) increased \$220.9 million or 63.9 percent because revenues exceeded transfers out of the fund. Education monies will be transferred out of the fund in the future for education needs.

Tax revenues now reported in the Education Fund increased \$297.2 million or 11 percent from the prior year as restated for comparability. Corporate taxes increased \$32.3 million or 8.5 percent and individual income taxes increased \$264.9 million or 11.4 percent. There are no expenditures reported in the Education Fund. However, \$2.787 billion was transferred out to fund public and higher education. The Uniform School Fund received \$2.190 billion, the General Fund received \$481.6 million, and the Nonmajor Governmental Funds received \$116 million for debt service and capital projects.

State law normally requires 25 percent of the "cumulative surplus" in the Education Fund and the Uniform School Fund to be transferred to the Education Budget Reserve Account. However, state law limits the combined totals of the General Fund Budget Reserve Account and the Education Budget Reserve Account to 6 percent of combined appropriations from certain funds. At yearend, the combined totals exceeded the 6 percent limit, and as a result, no surplus transfer was made. However, the Legislature appropriated \$13.4 million in fiscal year 2007 to the fund for use in any future budget shortfalls in education. Established by the Legislature in 2003, the Education Budget Reserve Account ended the year with a balance of \$142.8 million.

**Uniform School Fund**

As noted above, the beginning balance of the Uniform School Fund was reduced by \$345.8 million and the Education Fund beginning balance was increased by the same amount as a result of the reclassification of fund balance. After this adjustment, the fund balance in the Uniform School Fund increased \$55.1 million or 9.2 percent from the prior year, due in part to an \$8.4 million increase in revenues from excess unclaimed property and a \$7.3 million increase in investment income. The remaining increase in fund balance was the result of additional transfers from the Education Fund to support future public education expenditures. Expenditures for public education increased by \$224.3 million or 9.7 percent, as the Legislature increased the budget for enrollment growth and for increased costs related to employee salary and benefit increases. The Uniform School Fund ended the year with a "surplus" from unreserved and undesignated sources of \$176.9 million.

**Transportation Fund**

The fund balance of the Transportation Fund increased \$117.1 million or 55.8 percent from the prior year. The increase was primarily due to additional net transfers (appropriations) into the fund for highway projects, much of which were unspent at June 30, 2007. In addition, revenues increased by \$34 million or 4 percent, largely due to a \$21.5 million increase in the motor and special fuels tax and a \$6.6 million increase in federal aeronautics revenue. Also, expenditures increased by \$57.4 million or 7.2 percent as a result of increased spending on federal participating highway projects.

Authorized federal funding for highway construction remains relatively stable from year to year. However, the spending of state and federal revenue reflects the timing of highway construction projects, which is impacted by a variety of circumstances such as environmental studies or weather. Also, the Department of Transportation has discretion on allocating federal funds among projects, which impacts the amount of federal revenue reported in the Transportation Fund and Transportation Investment Fund.

**Transportation Investment Fund**

The fund balance of the Transportation Investment Fund decreased by \$14.4 million or 10 percent from the prior year. Revenues in the fund increased \$173.3 million or 181.4 percent, mostly due to an increase in sales and use taxes of \$154.3 million as a result of House Bill 112, *Transportation Investment Act*, of the 2006 General Session. This bill codified that 8.3 percent of general sales tax revenue be used for Centennial Highway projects accounted for within this fund. Federal contracts and grants revenues also increased \$18.6 million or 343.6 percent due to the receipt of federal funds for the previously completed I-15 reconstruction project. Expenditures in the fund increased by \$187.7 million or 106.5 percent primarily in construction expenditures for the projects specific to this fund.

**Trust Lands Fund**

The fund balance of the permanent Trust Lands Fund increased by \$232.9 million or 31 percent due to revenues generated from land use, sales of trust lands, and investment income. The permanent fund also generated \$25.6 million of cash investment earnings for the Uniform School Fund that is earmarked for distribution to local school districts. The principal in the fund is held in perpetuity with earnings restricted primarily to support public education.

**FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS****Student Assistance Programs**

The Student Assistance Programs finished the year with an increase in net assets of \$22.6 million or 8.5 percent. The increase was largely due to an increase in investment income. Federal reinsurance reimbursements decreased \$9.1 million or 21.3 percent due to a decrease in the number of claims paid by lenders on defaulted loans. Of total net assets of \$287.7 million, \$195.9 million is restricted for use within the Student Assistance Programs by bond covenants or by federal law.

**Unemployment Compensation Fund**

The State's unemployment rate decreased slightly compared to the rate one year ago. The improving employment situation resulted in a \$4.8 million or 4.7 percent decrease in benefit payments from the prior year. For the third consecutive year, employer taxes and other revenues exceeded benefit payments. Assets were sufficient to handle the demand for benefits, and net assets increased \$150.9 million or 22 percent, to \$838.1 million. The entire balance of net assets in this fund is restricted for paying unemployment benefits by state and federal law.

**Water Loan Programs**

The net assets of the Water Loan Programs increased \$44.7 million or 7.5 percent from the prior year. Additional capital for loans was provided from \$24.9 million in dedicated sales tax revenues and \$18.3 million in federal grants, in addition to net operating revenues in the fund. Of total net assets of \$642.7 million, \$259.2 million is restricted for use within the Water Loan Programs by federal grant requirements. In addition, loans receivable for the programs increased \$19.8 million or 4 percent over the prior year.

## CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

**Capital Assets**

The State's capital assets increased a net \$617.1 million during the year. The change consisted of net increases in infrastructure (e.g., highways) of \$155.4 million; land and related assets of \$36.3 million; and buildings, improvements, and construction in progress of \$421.1 million. Machinery and equipment increased a net \$4.3 million during the year. Many buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net assets. As of June 30, 2007, the State had \$28.5 million of outstanding debt related to capital assets of component units.

At June 30, 2007, the State had \$243.3 million in commitments for building projects in its capital projects funds, and \$593.7 million (\$242.9 million in the Transportation Investment Fund and \$350.8 million in the Transportation Fund) in commitments for highway construction and improvement projects. Funding for the commitments will come from existing resources in these funds and from future bond proceeds and appropriations.

The State has adopted an allowable alternative to reporting depreciation for roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for roads is to maintain 50 percent with a rating of "fair" or better and no more than 15 percent with a "very poor" rating. The most recent condition assessment, completed for calendar year 2006, indicated that 64.5 percent of the roads were in "fair" or better condition. Only 11.3 percent of the roads assessed were in "very poor" condition. These results reflect a slight decline from conditions in calendar year 2005, when 69.5 percent of the roads were assessed as "fair" or better, and 6.3 percent assessed were in "very poor" condition.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 15 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2007, indicated that 71 percent and 2 percent of bridges were in "good" and "poor" condition, respectively. These results are similar to the prior year.

During fiscal year 2007, the State spent \$459.2 million to maintain and preserve roads and bridges. This amount is 21.3 percent above the estimated amount of \$378.6 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 84, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on page 120.

**Long-term Debt**

The *Constitution of Utah* authorizes general obligation borrowing only as approved by the Legislature. The *Constitution* also limits outstanding state general obligation debt to 1.5 percent of the fair market value of all taxable property in the State, while state law further restricts outstanding state general obligation debt to no more than 45 percent of the appropriations limit. As of June 30, 2007, the State was \$531.1 million below the statutory debt limit and \$2.211 billion below the debt limit established in the *Constitution*. Revenue bonds are not backed by the general taxing authority of the State, but are payable solely from specific fees or loan repayments as pledged in the bond indentures.

**State of Utah**  
**Net Outstanding Bonded Debt as of June 30**  
*(Expressed in Millions)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Total Percentage Change</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2006 to 2007</b>
General Obligation Bonds .....	\$ 1,284.0	\$ 1,436.8	\$ —	\$ —	\$ 1,284.0	\$ 1,436.8	(10.6)%
Revenue Bonds:							
State Building Ownership Auth. ....	275.5	295.6	37.0	38.3	312.5	333.9	(6.4)
Student Assistance Programs .....	—	—	2,137.7	2,138.1	2,137.7	2,138.1	(0.0)
<b>Total Bonds Payable .....</b>	<b>\$ 1,559.5</b>	<b>\$ 1,732.4</b>	<b>\$ 2,174.7</b>	<b>\$ 2,176.4</b>	<b>\$ 3,734.2</b>	<b>\$ 3,908.8</b>	<b>(4.5)%</b>

The State issued no new general obligation bonds or revenue bonds during fiscal year 2007.

The State's active management of its resources has helped the State maintain its triple-A rating on general obligation bonds from all three national rating agencies, and double-A rating on lease revenue bonds from two national rating agencies from which ratings were sought. These ratings are the best available and save millions of dollars in interest each year because the State is able to obtain very favorable interest rates on new debt. Note 10 beginning on page 88 contains more information about the State's outstanding debt.

### **ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET**

Tax revenues are expected to increase moderately in fiscal year 2008. However, original general revenue estimates for the General Fund, Education Fund and Uniform School Fund for fiscal year 2008 are slightly lower than actual fiscal year 2007 revenues. This is because actual fiscal year 2007 revenues were stronger than anticipated, creating a surplus. The Legislature balanced the 2008 budget primarily by using anticipated 2007 carryover funds of \$787.3 million and utilizing other miscellaneous sources. The Legislature appropriated substantial amounts of new and ongoing money to public and higher education. Other areas that received increased funding were roads and highways, capital projects, Medicaid, and substance abuse prevention and treatment. The Legislature also appropriated \$40 million to the Education Budget Reserve Account to cover any future budget shortfalls in education. State employees were provided a 3.5 percent cost-of-living adjustment. An additional 1.5 percent in discretionary monies was funded to alleviate department-specific compensation problems. Other postemployment benefits were funded with approximately \$54 million.

Revenue collections to date in fiscal year 2008 are in line with original estimates. Utah's economy is expected to remain stable in the near future. The average unemployment rate is expected to decline in 2007 to 2.7 percent, down from the average 2006 rate of 2.9 percent. Taxable retail sales are expected to increase 7.3 percent by the end of 2007 and growth in personal income is expected to be 9 percent for the same period. Because these indicators are measured on a calendar-year basis, the impact on the State budget will not be fully realized until well into fiscal year 2008.

### **CONTACTING THE STATE'S DIVISION OF FINANCE**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Department of Administrative Services: Division of Finance, Financial Reporting Section at (801) 538-3082 or visit our Web site at: [www.finance.utah.gov](http://www.finance.utah.gov).

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor component units, the State's component units each issue separate audited financial statements that include their respective management's discussion and analysis. Component unit statements may be obtained from their respective administrative offices or from the Utah State Auditor's Office, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114.



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**BASIC FINANCIAL STATEMENTS**

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**State of Utah****Statement of Net Assets**

June 30, 2007

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents .....	\$ 1,875,607	\$ 1,190,235	\$ 3,065,842	\$ 1,260,387
Investments .....	746,104	504,622	1,250,726	1,270,033
Taxes Receivable, net .....	1,191,060	—	1,191,060	—
Accounts and Interest Receivable, net .....	563,676	140,059	703,735	341,751
Amounts Due From:				
Component Units .....	42,213	26	42,239	—
Primary Government .....	—	—	—	480
Prepaid Items .....	3,506	3,708	7,214	23,122
Inventories .....	17,398	24,463	41,861	50,231
Internal Balances .....	14,468	(14,468)	—	—
Restricted Investments .....	942,652	76,947	1,019,599	730,767
Deferred Charges .....	3,177	25,080	28,257	38,273
Notes/Loans/Mortgages/Pledges Receivable, net .....	16,170	2,613,869	2,630,039	1,267,820
Other Assets .....	34,175	—	34,175	13,415
Capital Assets:				
Land and Related Non-depreciable Assets .....	849,445	10,035	859,480	150,384
Infrastructure .....	7,858,755	—	7,858,755	—
Construction in Progress .....	1,214,211	990	1,215,201	134,324
Buildings, Equipment, and Other Depreciable Assets .....	1,735,805	63,629	1,799,434	4,174,074
Less Accumulated Depreciation .....	(779,355)	(22,192)	(801,547)	(1,864,620)
Total Capital Assets .....	10,878,861	52,462	10,931,323	2,594,162
Total Assets .....	16,329,067	4,617,003	20,946,070	7,590,441
LIABILITIES				
Accounts Payable and Accrued Liabilities .....	744,497	33,297	777,794	274,387
Amounts Due to:				
Component Units .....	473	7	480	—
Primary Government .....	—	—	—	42,239
Securities Lending .....	—	—	—	19,823
Unearned Revenue .....	96,063	12,346	108,409	67,053
Deposits .....	—	287	287	98,945
Long-term Liabilities (Note 10) .....				
Due Within One Year .....	250,828	77,347	328,175	251,323
Due in More Than One Year .....	1,564,392	2,174,539	3,738,931	2,192,293
Total Liabilities .....	2,656,253	2,297,823	4,954,076	2,946,063
NET ASSETS				
Invested in Capital Assets, Net of Related Debt .....	9,465,667	13,008	9,478,675	2,060,052
Restricted for:				
Transportation .....	307,937	—	307,937	—
Public Education – Expendable .....	1,615,516	—	1,615,516	—
Public Education – Nonexpendable .....	983,881	—	983,881	—
Higher Education – Expendable .....	—	—	—	826,099
Higher Education – Nonexpendable .....	—	—	—	530,417
Debt Service .....	5,622	—	5,622	182,212
Unemployment Compensation and Insurance Programs ..	6,120	838,068	844,188	73,113
Loan Programs .....	2,583	496,669	499,252	—
Other Purposes – Expendable .....	121,940	—	121,940	37,680
Unrestricted .....	1,163,548	971,435	2,134,983	934,805
Total Net Assets .....	\$ 13,672,814	\$ 2,319,180	\$ 15,991,994	\$ 4,644,378

The Notes to the Financial Statements are an integral part of this statement.

**State of Utah****Statement of Activities**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental:				
General Government .....	\$ 328,779	\$ 156,111	\$ 192,740	\$ —
Human Services and Youth Corrections .....	634,265	10,889	276,108	—
Corrections, Adult .....	237,305	4,624	10	—
Public Safety .....	172,912	43,806	57,314	—
Courts .....	115,811	46,158	657	—
Health and Environmental Quality .....	1,620,936	84,938	1,140,909	—
Higher Education .....	824,503	235	2,125	—
Employment and Family Services .....	393,938	3,532	326,883	—
Natural Resources .....	174,711	45,367	65,245	—
Community and Culture .....	108,110	4,833	39,262	—
Business, Labor, and Agriculture .....	92,441	63,240	11,282	—
Public Education .....	2,548,391	69,471	496,288	—
Transportation .....	702,833	199,277	160,821	122,939
Interest and Other Charges on Long-term Debt .....	64,019	—	—	—
Total Governmental Activities .....	8,018,954	732,481	2,769,644	122,939
Business-type:				
Student Assistance Programs .....	174,220	126,498	69,407	—
Unemployment Compensation .....	97,692	219,690	34,269	—
Water Loan Programs .....	13,042	10,634	24,030	—
Other Business-type Activities .....	176,261	240,905	10,546	—
Total Business-type Activities .....	461,215	597,727	138,252	0
Total Primary Government .....	\$ 8,480,169	\$ 1,330,208	\$ 2,907,896	\$ 122,939
<b>Component Units:</b>				
Utah Housing Corporation .....	\$ 87,640	\$ 99,919	\$ —	\$ —
Public Employees Health Program .....	564,658	567,562	10,356	—
University of Utah .....	2,123,266	1,597,552	509,951	192,014
Utah State University .....	451,775	124,998	188,500	9,395
Nonmajor Colleges and Universities .....	751,729	305,116	178,775	61,082
Nonmajor Component Units .....	57,816	27,416	1,127	—
Total Component Units .....	\$ 4,036,884	\$ 2,722,563	\$ 888,709	\$ 262,491
General Revenues:				
Taxes:				
Sales and Use Tax .....				
Individual Income Tax Imposed for Education .....				
Corporate Tax Imposed for Education .....				
Motor and Special Fuel Taxes Imposed for Transportation .....				
Other Taxes .....				
Total Taxes .....				
Investment Income .....				
State Funding for Colleges and Universities .....				
State Funding for Other Component Units .....				
Gain on Sale of Capital Assets .....				
Miscellaneous .....				
Permanent Endowments Contributions .....				
Transfers—Internal Activities .....				
Total General Revenues and Transfers .....				
Change in Net Assets .....				
Net Assets—Beginning .....				
Net Assets—Ending .....				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 20,072	\$ —	\$ 20,072	\$ —
(347,268)	—	(347,268)	—
(232,671)	—	(232,671)	—
(71,792)	—	(71,792)	—
(68,996)	—	(68,996)	—
(395,089)	—	(395,089)	—
(822,143)	—	(822,143)	—
(63,523)	—	(63,523)	—
(64,099)	—	(64,099)	—
(64,015)	—	(64,015)	—
(17,919)	—	(17,919)	—
(1,982,632)	—	(1,982,632)	—
(219,796)	—	(219,796)	—
(64,019)	—	(64,019)	—
(4,393,890)	0	(4,393,890)	0
—	21,685	21,685	—
—	156,267	156,267	—
—	21,622	21,622	—
—	75,190	75,190	—
0	274,764	274,764	0
(4,393,890)	274,764	(4,119,126)	0
—	—	—	12,279
—	—	—	13,260
—	—	—	176,251
—	—	—	(128,882)
—	—	—	(206,756)
—	—	—	(29,273)
0	0	0	(163,121)
2,131,958	25,440	2,157,398	—
2,667,207	—	2,667,207	—
412,720	—	412,720	—
353,107	—	353,107	—
320,204	—	320,204	—
5,885,196	25,440	5,910,636	0
89,795	—	89,795	1,682
—	—	—	721,005
—	—	—	34,018
52,139	—	52,139	—
37,569	877	38,446	—
—	—	—	23,507
46,778	(46,778)	—	—
6,111,477	(20,461)	6,091,016	780,212
1,717,587	254,303	1,971,890	617,091
11,955,227	2,064,877	14,020,104	4,027,287
\$13,672,814	\$ 2,319,180	\$ 15,991,994	\$ 4,644,378

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## **Governmental Fund Financial Statements**

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### **General Fund**

This fund is the principal operating fund of the State. It accounts for all the financial resources of the general government except those required to be accounted for in another fund.

### **Education Fund**

This fund accounts for all revenues from taxes on income that support public and higher education in the State.

### **Uniform School Fund**

This fund is maintained to account for specific revenues and expenditures that support public elementary and secondary schools and the State Office of Education.

### **Transportation Fund**

This fund is maintained to account for revenues and expenditures associated with highway construction and maintenance. Principal funding is provided from dedicated highway user taxes and fees and federal funds.

### **Transportation Investment Fund**

This fund was created by the Legislature to account for revenues and expenditures associated with the maintenance and reconstruction of state and federal highways and designates Centennial Highway projects to be accounted for within this fund. Funding is provided from federal funds, highway general obligation bonds, registration fees, sales and use taxes, and appropriations.

### **Trust Lands**

This permanent fund accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

### **Nonmajor Funds**

Nonmajor governmental funds are presented by fund type beginning on page 126.



**State of Utah****Balance Sheet  
Governmental Funds**

June 30, 2007

(Expressed in Thousands)

	<b>Special Revenue</b>			
	<b>General</b>	<b>Education</b>	<b>Uniform School</b>	<b>Transportation</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 511,900	\$ 156,600	\$ 565,492	\$ 264,884
Investments .....	286,777	152,744	61,113	56,999
Receivables:				
Accounts, net .....	401,921	1,409	52,212	68,340
Accrued Interest .....	31	—	—	—
Accrued Taxes, net .....	377,688	721,350	950	68,031
Notes/Mortgages, net .....	3,541	—	8,864	360
Due From Other Funds .....	30,006	156	4,215	48,788
Due From Component Units .....	5,205	—	—	—
Inventories .....	—	—	—	12,776
Interfund Loans Receivable .....	33,816	—	89	—
Other Assets .....	—	—	—	—
Total Assets .....	<u>\$ 1,650,885</u>	<u>\$ 1,032,259</u>	<u>\$ 692,935</u>	<u>\$ 520,178</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities .....	\$ 396,861	\$ 58,936	\$ 35,456	\$ 152,376
Due To Other Funds .....	32,796	—	512	6,209
Due To Component Units .....	13	—	435	—
Deferred Revenue .....	141,643	406,651	4,808	34,576
Total Liabilities .....	<u>571,313</u>	<u>465,587</u>	<u>41,211</u>	<u>193,161</u>
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances .....	183,960	—	64,264	20,243
Specific Purposes by Statute .....	214,128	—	37,913	31,042
Interfund Loans Receivable .....	13,512	—	23	—
Debt Service .....	—	—	—	—
Unreserved Designated .....	603,165	566,672	372,577	49,787
Unreserved Designated, reported in nonmajor:				
Debt Service Funds .....	—	—	—	—
Unreserved Undesignated .....	64,807	—	176,947	225,945
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds .....	—	—	—	—
Capital Projects Funds .....	—	—	—	—
Total Fund Balances .....	<u>1,079,572</u>	<u>566,672</u>	<u>651,724</u>	<u>327,017</u>
Total Liabilities and Fund Balances .....	<u>\$ 1,650,885</u>	<u>\$ 1,032,259</u>	<u>\$ 692,935</u>	<u>\$ 520,178</u>

The Notes to the Financial Statements are an integral part of this statement.

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<b>Special Revenue</b>	<b>Permanent</b>		
<b>Transportation Investment</b>	<b>Trust Lands</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 85,004	\$ 1,881	\$ 227,126	\$ 1,812,887
71,218	942,652	117,253	1,688,756
58	16,137	9,305	549,382
—	2,148	46	2,225
23,041	—	—	1,191,060
—	2,400	155	15,320
3	1,414	7,168	91,750
—	—	36,972	42,177
—	—	—	12,776
—	—	—	33,905
—	34,175	—	34,175
<u>\$ 179,324</u>	<u>\$ 1,000,807</u>	<u>\$ 398,025</u>	<u>\$ 5,474,413</u>
\$ —	\$ —	\$ 77,431	\$ 721,060
46,316	182	13,837	99,852
—	25	—	473
3,200	16,719	23,651	631,248
<u>49,516</u>	<u>16,926</u>	<u>114,919</u>	<u>1,452,633</u>
—	—	243,256	511,723
110,891	983,881	61,361	1,439,216
—	—	—	13,535
—	—	5,733	5,733
18,917	—	—	1,611,118
—	—	17,801	17,801
—	—	—	467,699
—	—	62,579	62,579
—	—	(107,624)	(107,624)
<u>129,808</u>	<u>983,881</u>	<u>283,106</u>	<u>4,021,780</u>
<u>\$ 179,324</u>	<u>\$ 1,000,807</u>	<u>\$ 398,025</u>	<u>\$ 5,474,413</u>

# **Reconciliation of the Balance Sheet — Governmental Funds To the Statement of Net Assets**

June 30, 2007

(Expressed in Thousands)

Total Fund Balances for Governmental Funds ..... \$ 4,021,780

Total net assets reported for governmental activities in the Statement of Net Assets  
is different because:

Capital assets used in governmental activities are not financial resources and  
therefore are not reported in the funds: (See Note 8)

Land and Related Non-depreciable Assets .....	\$ 849,428	
Infrastructure, Non-depreciable .....	7,858,755	
Construction-In-Progress .....	1,214,084	
Buildings, Equipment, and Other Depreciable Assets .....	1,544,490	
Accumulated depreciation .....	<u>(661,020)</u>	10,805,737

Some of the State's earned revenues will be collected after yearend, but are not  
available soon enough to pay for the current period's expenditures, and therefore  
are deferred in the funds. .... 536,248

Internal service funds are used by management to charge the costs of certain  
activities, such as insurance, information technology, and fleet operations to  
individual funds. The assets and liabilities of the internal service funds are included  
in governmental activities in the Statement of Net Assets. .... 76,800

Bond issue costs are reported as current expenditures in the funds. However, issue  
costs are deferred and amortized over the life of the bonds and are included in the  
governmental activities in the Statement of Net Assets. .... 2,659

Long-term liabilities and related accrued interest are not due and payable in the  
current period and therefore are not reported in the funds: (See Note 10)

General Obligation and Revenue Bonds Payable .....	(1,509,798)	
Unamortized Premiums .....	(66,528)	
Amount Deferred on Refunding .....	17,672	
Accrued Interest Payable .....	(1,450)	
Compensated Absences .....	(185,630)	
Capital Leases .....	(18,228)	
Contracts Payable .....	(6,339)	
Arbitrage Liability .....	<u>(109)</u>	<u>(1,770,410)</u>

Total Net Assets of Governmental Activities ..... \$ 13,672,814

The Notes to the Financial Statements are an integral part of this statement.

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**State of Utah****Statement Of Revenues, Expenditures, And Changes In Fund Balances  
Governmental Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Special Revenue			
	General	Education	Uniform School	Transportation
REVENUES				
Taxes:				
Sales and Use Tax .....	\$ 1,860,703	\$ —	\$ —	\$ 28,877
Individual Income Tax .....	—	2,589,252	—	—
Corporate Tax .....	—	411,929	—	—
Motor and Special Fuels Tax .....	—	—	—	366,446
Other Taxes .....	274,563	—	28,259	10,327
Total Taxes .....	2,135,266	3,001,181	28,259	405,650
Other Revenues:				
Federal Contracts and Grants .....	1,818,571	—	371,600	255,247
Charges for Services/Royalties .....	267,479	—	1,637	54,955
Licenses, Permits, and Fees .....	20,479	—	4,886	72,630
Federal Mineral Lease .....	145,985	—	—	—
Federal Aeronautics .....	—	—	—	44,074
Intergovernmental .....	—	—	—	—
Investment Income .....	94,448	6,009	25,830	6,926
Miscellaneous and Other .....	166,471	—	19,228	34,883
Total Revenues .....	4,648,699	3,007,190	451,440	874,365
EXPENDITURES				
Current:				
General Government .....	242,845	—	—	—
Human Services and Youth Corrections .....	623,689	—	—	—
Corrections, Adult .....	225,548	—	—	—
Public Safety .....	170,306	—	—	—
Courts .....	118,326	—	—	—
Health and Environmental Quality .....	1,615,690	—	—	—
Higher Education – State Administration .....	49,064	—	—	—
Higher Education – Colleges and Universities .....	693,082	—	—	—
Employment and Family Services .....	405,902	—	—	—
Natural Resources .....	166,533	—	—	—
Community and Culture .....	105,051	—	—	—
Business, Labor, and Agriculture .....	81,643	—	—	—
Public Education .....	—	—	2,547,075	—
Transportation .....	—	—	—	856,502
Capital Outlay .....	—	—	—	—
Debt Service:				
Principal Retirement .....	—	—	—	—
Interest and Other Charges .....	—	—	—	—
Total Expenditures .....	4,497,679	0	2,547,075	856,502
Excess Revenues Over (Under) Expenditures .....	151,020	3,007,190	(2,095,635)	17,863
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets .....	—	—	—	6,747
Transfers In .....	649,271	1,054	2,200,847	146,830
Transfers Out .....	(589,855)	(2,787,342)	(50,107)	(54,308)
Total Other Financing Sources (Uses) .....	59,416	(2,786,288)	2,150,740	99,269
Net Change in Fund Balances .....	210,436	220,902	55,105	117,132
Fund Balances – Beginning .....	869,136	—	942,389	209,885
Adjustments to Beginning Fund Balances .....	—	345,770	(345,770)	—
Fund Balances – Beginning As Adjusted .....	869,136	345,770	596,619	209,885
Fund Balances – Ending .....	\$ 1,079,572	\$ 566,672	\$ 651,724	\$ 327,017

The Notes to the Financial Statements are an integral part of this statement.

<b>Special Revenue</b>	<b>Permanent</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Transportation Investment</b>	<b>Trust Lands</b>		
\$ 220,152	\$ —	\$ —	\$ 2,109,732
—	—	—	2,589,252
—	—	—	411,929
—	—	—	366,446
—	—	7,055	320,204
<u>220,152</u>	<u>0</u>	<u>7,055</u>	<u>5,797,563</u>
24,024	—	10,574	2,480,016
—	65,373	22,967	412,411
22,354	—	—	120,349
—	—	—	145,985
—	—	—	44,074
—	—	23,332	23,332
2,391	98,631	6,753	240,988
—	—	41,035	261,617
<u>268,921</u>	<u>164,004</u>	<u>111,716</u>	<u>9,526,335</u>
—	—	25,930	268,775
—	—	3,909	627,598
—	—	3,650	229,198
—	—	2,121	172,427
—	—	1,324	119,650
—	—	4,710	1,620,400
—	—	—	49,064
—	—	14,981	708,063
—	—	630	406,532
—	—	4,481	171,014
—	—	3,541	108,592
—	—	9,519	91,162
—	—	346	2,547,421
363,982	—	887	1,221,371
—	—	196,126	196,126
—	—	159,862	159,862
—	—	75,149	75,149
<u>363,982</u>	<u>0</u>	<u>507,166</u>	<u>8,772,404</u>
<u>(95,061)</u>	<u>164,004</u>	<u>(395,450)</u>	<u>753,931</u>
—	40,446	—	47,193
263,684	28,407	430,948	3,721,041
(182,977)	—	(10,026)	(3,674,615)
<u>80,707</u>	<u>68,853</u>	<u>420,922</u>	<u>93,619</u>
(14,354)	232,857	25,472	847,550
144,162	751,024	256,692	3,173,288
—	—	942	942
<u>144,162</u>	<u>751,024</u>	<u>257,634</u>	<u>3,174,230</u>
<u>\$ 129,808</u>	<u>\$ 983,881</u>	<u>\$ 283,106</u>	<u>\$ 4,021,780</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances —  
Governmental Funds To the Statement of Activities**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

Net Change in Fund Balances – Total Governmental Funds .....	\$ 847,550
--	------------

The change in net assets reported for governmental activities in the Statement of Net Assets is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are “transferred” to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays \$793,854 exceeded depreciation \$(52,122) and buildings “transferred” to component units \$(67,362) in the current period. (See Note 8) .....	674,370
---	---------

In the Statement of Activities, only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the assets sold. ....	(42,531)
--	----------

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. ....	97,363
--	--------

Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. ....	3,143
---	-------

Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets: (See Note 10)

Payment of Bond Principal .....	\$ 159,862	
Capital Lease Payments .....	<u>1,416</u>	161,278

Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; interest on long-term debt unless certain conditions are met; and bond issue costs. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:

Compensated Absences Expenses .....	(36,868)	
Arbitrage Interest Expense .....	(109)	
Accrued Interest on Bonds Payable .....	106	
Amortization of Bond Premiums .....	16,759	
Amortization of Amount Deferred on Refunding .....	(3,807)	
Deferred Bond Issue Costs .....	(620)	
Contracts Payable Payments .....	<u>953</u>	<u>(23,586)</u>

Change in Net Assets of Governmental Activities .....	<u>\$ 1,717,587</u>
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The Notes to the Financial Statements are an integral part of this statement.

## **Proprietary Fund Financial Statements**

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### **Student Assistance Programs**

These programs are comprised of two programs administered by the State Board of Regents: the Utah Higher Education Assistance Authority Student Loan Guarantee Program and the Student Loan Purchase Program. The purpose of these programs is to guarantee the repayment of student loans made by participating lenders to eligible student borrowers and to make loans to, and purchase the loans of, qualified students attending eligible institutions of higher education. Funds are acquired from the sale of bonds, lines-of-credit, variable rate demand notes, and financing agreements with the Student Loan Marketing Association.

### **Unemployment Compensation Fund**

This fund pays claims for unemployment to eligible recipients and is funded through employer contributions and reimbursements, and federal grants.

### **Water Loan Programs**

These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures. Capital for this fund has been provided from the General Fund or from general obligation bonds that have been repaid from general tax revenues. Additional funds have been generated by issuing revolving fund recapitalization revenue bonds that were secured by notes receivable and repaid from the collection of these notes.

### **Nonmajor Funds**

Nonmajor enterprise funds are presented beginning on page 150.

### **Governmental Activities – Internal Service Funds**

These funds are maintained to account for the operation of state agencies that provide goods or services to other state agencies and other governmental units on a cost-reimbursement basis. These funds are presented in more detail beginning on page 160.



**State of Utah****Statement Of Net Assets  
Proprietary Funds**

June 30, 2007

(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Student Assistance Programs</b>	<b>Unemployment Compensation Fund</b>	<b>Water Loan Programs</b>	<b>Nonmajor Enterprise Funds</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 90,566	\$ 778,126	\$ 112,520	\$ 209,023
Investments .....	503,553	—	—	—
Receivables:				
Accounts, net .....	21,632	70,572	912	10,525
Accrued Interest .....	21,758	—	6,332	3,705
Notes/Loans/Mortgages, net .....	72,814	—	28,986	18,320
Due From Other Funds .....	—	—	279	10,056
Due From Component Units .....	—	—	—	26
Prepaid Items .....	3,675	—	—	33
Inventories .....	—	—	—	24,463
Deferred Charges .....	—	—	—	—
Total Current Assets .....	<u>713,998</u>	<u>848,698</u>	<u>149,029</u>	<u>276,151</u>
Noncurrent Assets:				
Restricted Investments .....	76,947	—	—	—
Investments .....	—	—	—	1,069
Prepaid Items .....	—	—	—	—
Accrued Interest Receivable .....	—	—	3,894	729
Notes/Loans/Mortgages Receivables, net .....	1,701,485	—	490,231	302,033
Deferred Charges .....	25,080	—	—	—
Capital Assets:				
Land .....	—	—	—	10,035
Infrastructure .....	—	—	—	304
Buildings and Improvements .....	12,344	—	—	35,907
Machinery and Equipment .....	1,558	—	—	13,516
Construction in Progress .....	—	—	—	990
Less Accumulated Depreciation .....	(2,298)	—	—	(19,894)
Total Capital Assets .....	<u>11,604</u>	<u>0</u>	<u>0</u>	<u>40,858</u>
Total Noncurrent Assets .....	<u>1,815,116</u>	<u>0</u>	<u>494,125</u>	<u>344,689</u>
Total Assets .....	<u>2,529,114</u>	<u>848,698</u>	<u>643,154</u>	<u>620,840</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	19,967	753	306	11,902
Deposits .....	—	190	—	97
Due To Other Funds .....	—	7,540	89	17,283
Due To Component Units .....	—	—	—	7
Interfund Loans Payable .....	—	—	—	—
Unearned Revenue .....	2,102	—	69	3,818
Policy Claims and Uninsured Liabilities .....	1,207	2,147	—	—
Contracts/Notes Payable .....	—	—	—	—
Revenue Bonds Payable .....	72,145	—	—	1,687
Arbitrage Liability .....	161	—	—	—
Total Current Liabilities .....	<u>95,582</u>	<u>10,630</u>	<u>464</u>	<u>34,794</u>
Noncurrent Liabilities:				
Accrued Liabilities .....	260	—	—	—
Unearned Revenue .....	6,357	—	—	—
Interfund Loans Payable .....	—	—	—	—
Policy Claims and Uninsured Liabilities .....	1,324	—	—	—
Contracts/Notes Payable .....	—	—	—	—
Revenue Bonds Payable .....	2,065,552	—	—	35,337
Arbitrage Liability .....	72,326	—	—	—
Total Noncurrent Liabilities .....	<u>2,145,819</u>	<u>0</u>	<u>0</u>	<u>35,337</u>
Total Liabilities .....	<u>2,241,401</u>	<u>10,630</u>	<u>464</u>	<u>70,131</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt .....	1,631	—	—	11,377
Restricted for:				
Unemployment Compensation and Insurance Programs ...	—	838,068	—	—
Loan Programs .....	195,860	—	259,150	41,659
Unrestricted (Deficit) .....	90,222	—	383,540	497,673
Total Net Assets .....	<u>\$ 287,713</u>	<u>\$ 838,068</u>	<u>\$ 642,690</u>	<u>\$ 550,709</u>

The Notes to the Financial Statements are an integral part of this statement

		Governmental Activities – Internal Service Funds
Total		
\$ 1,190,235	\$ 62,720	
503,553	—	
103,641	5,664	
31,795	—	
120,120	156	
10,335	34,161	
26	36	
3,708	2,394	
24,463	4,622	
—	7	
1,987,876	109,760	
76,947	—	
1,069	—	
—	421	
4,623	—	
2,493,749	694	
25,080	511	
10,035	17	
304	321	
48,251	7,323	
15,074	183,671	
990	127	
(22,192)	(118,335)	
52,462	73,124	
2,653,930	74,750	
4,641,806	184,510	
32,928	18,985	
287	—	
24,912	8,188	
7	—	
—	20,371	
5,989	207	
3,354	11,929	
—	43	
73,832	51	
161	—	
141,470	59,774	
260	—	
6,357	165	
—	13,534	
1,324	32,826	
—	559	
2,100,889	852	
72,326	—	
2,181,156	47,936	
2,322,626	107,710	
13,008	72,235	
838,068	6,120	
496,669	2,583	
971,435	(4,138)	
\$ 2,319,180	\$ 76,800	

**State of Utah**

**Statement Of Revenues, Expenses, And Changes In Fund Net Assets  
Proprietary Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Student Assistance Programs</b>	<b>Unemployment Compensation Fund</b>	<b>Water Loan Programs</b>	<b>Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES</b>				
Sales and Charges for Services/Premiums .....	\$ 53,044	\$ 219,690	\$ 427	\$ 230,865
Fees and Assessments .....	4,211	—	—	3,738
Interest on Notes/Mortgages .....	67,827	—	10,207	5,871
Federal Reinsurance and Allowances/Reimbursements .....	33,731	837	—	—
Investment Income .....	—	—	—	9
Miscellaneous .....	1,416	—	—	431
Total Operating Revenues .....	<u>160,229</u>	<u>220,527</u>	<u>10,634</u>	<u>240,914</u>
<b>OPERATING EXPENSES</b>				
Administration .....	4,250	—	—	28,157
Purchases, Materials, and Services for Resale .....	—	—	—	129,358
Grants .....	—	—	11,763	377
Rentals and Leases .....	—	—	—	1,902
Maintenance .....	—	—	—	2,439
Interest .....	102,646	—	—	—
Depreciation .....	525	—	—	1,626
Student Loan Servicing and Related Expenses .....	23,951	—	—	—
Payment to Lenders for Guaranteed Claims .....	35,287	—	—	—
Benefit Claims and Unemployment Compensation .....	—	97,692	—	—
Supplies and Other Miscellaneous .....	7,561	—	1,279	10,732
Total Operating Expenses .....	<u>174,220</u>	<u>97,692</u>	<u>13,042</u>	<u>174,591</u>
Operating Income (Loss) .....	<u>(13,991)</u>	<u>122,835</u>	<u>(2,408)</u>	<u>66,323</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income .....	35,676	33,432	5,739	8,783
Federal Grants .....	—	—	18,291	1,754
Gain (Loss) on Sale of Capital Assets .....	—	—	—	—
Tax Revenues .....	—	—	24,915	525
Interest Expense .....	—	—	—	(1,670)
Refunds Paid to Federal Government .....	—	—	—	—
Other Revenues (Expenses) .....	877	—	—	—
Total Nonoperating Revenues (Expenses) .....	<u>36,553</u>	<u>33,432</u>	<u>48,945</u>	<u>9,392</u>
Income (Loss) before Transfers .....	<u>22,562</u>	<u>156,267</u>	<u>46,537</u>	<u>75,715</u>
Transfers In .....	—	—	1,582	55,343
Transfers Out .....	—	(5,327)	(3,371)	(95,005)
Change in Net Assets .....	<u>22,562</u>	<u>150,940</u>	<u>44,748</u>	<u>36,053</u>
Net Assets – Beginning .....	265,151	687,128	597,942	514,656
Adjustments to Beginning Net Assets .....	—	—	—	—
Net Assets – Beginning as Adjusted .....	<u>265,151</u>	<u>687,128</u>	<u>597,942</u>	<u>514,656</u>
Net Assets – Ending .....	<u>\$ 287,713</u>	<u>\$ 838,068</u>	<u>\$ 642,690</u>	<u>\$ 550,709</u>

The Notes to the Financial Statements are an integral part of this statement.

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		<b>Governmental Activities – Internal Service Funds</b>
<b>Total</b>		
\$ 504,026	\$ 277,305	
7,949	—	
83,905	—	
34,568	—	
9	18	
1,847	33	
<u>632,304</u>	<u>277,356</u>	
32,407	102,883	
129,358	74,986	
12,140	—	
1,902	4,977	
2,439	22,119	
102,646	—	
2,151	16,356	
23,951	—	
35,287	—	
97,692	9,765	
19,572	46,375	
<u>459,545</u>	<u>277,461</u>	
<u>172,759</u>	<u>(105)</u>	
83,630	3,232	
20,045	—	
—	452	
25,440	—	
(1,670)	(67)	
—	(721)	
877	—	
<u>128,322</u>	<u>2,896</u>	
301,081	2,791	
56,925	352	
(103,703)	—	
254,303	3,143	
2,064,877	74,599	
—	(942)	
<u>2,064,877</u>	<u>73,657</u>	
<u>\$ 2,319,180</u>	<u>\$ 76,800</u>	

# State of Utah

## Statement Of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Student Assistance Programs</b>	<b>Unemployment Compensation Fund</b>	<b>Water Loan Programs</b>	<b>Nonmajor Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 64,338	\$ 234,463	\$ 10,628	\$ 269,193
Receipts from Loan Maturities .....	430,504	—	31,806	26,258
Receipts Federal Reinsurance & Allowances/Reimburse ..	91,446	895	—	—
Receipts from State Customers .....	9,138	—	—	11,367
Student Loan Disbursements Received from Lenders .....	359,399	—	—	—
Student Loan Disbursements Sent to Schools/Lenders .....	(359,617)	—	—	—
Payments to Suppliers/Claims/Grants .....	(30,029)	(96,917)	(12,456)	(143,972)
Disbursements for Loans Receivable .....	(444,679)	—	(51,251)	(54,165)
Payments on Loan Guarantees .....	(36,387)	—	—	—
Payments for Employee Services and Benefits .....	(9,403)	—	—	(26,359)
Payments to State Suppliers and Grants .....	—	—	(1,283)	(7,120)
Payments of Sales, School Lunch, and Premium Taxes ....	—	—	—	(36,302)
Net Cash Provided (Used) by Operating Activities .....	74,710	138,441	(22,556)	38,900
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	—	7,603
Repayments Under Interfund Loans .....	—	—	—	(9,385)
Receipts from Bonds, Notes, and Deposits .....	—	109	—	—
Payments of Bonds, Notes, Deposits, and Refunds .....	(430)	(31)	—	—
Interest Paid on Bonds, Notes, and Financing Costs .....	(102,044)	—	—	—
Federal Grants and Other Revenues .....	—	—	18,291	1,551
Restricted Sales Tax .....	—	—	24,916	525
Transfers In from Other Funds .....	743	—	1,582	52,259
Transfers Out to Other Funds .....	—	—	(3,370)	(73,325)
Net Cash Provided (Used) by Noncapital Financing Activities .....	(101,731)	78	41,419	(20,772)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Repayments Under Interfund Loans .....	—	—	—	—
Proceeds from Bond and Note Debt Issuance .....	—	—	—	5,456
Proceeds from Disposition of Capital Assets .....	—	—	—	—
Principal Paid on Debt and Contract Maturities .....	—	—	—	(1,134)
Acquisition and Construction of Capital Assets .....	(836)	—	—	(6,392)
Interest Paid on Bonds, Notes, and Capital Leases .....	—	—	—	(1,681)
Transfers In from Other Funds .....	—	—	—	3,085
Transfers Out to Other Funds .....	—	(5,327)	—	(1,936)
Net Cash Provided (Used) by Capital and Related Financing Activities .....	(836)	(5,327)	0	(2,602)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from the Sale and Maturity of Investments .....	602,202	—	—	—
Receipts of Interest and Dividends from Investments .....	34,579	33,432	5,738	8,777
Payments to Purchase Investments .....	(599,140)	—	—	—
Net Cash Provided (Used) by Investing Activities .....	37,641	33,432	5,738	8,777
Net Cash Provided (Used) – All Activities .....	9,784	166,624	24,601	24,303
Cash and Cash Equivalents – Beginning .....	80,782	611,502	87,919	184,720
Cash and Cash Equivalents – Ending .....	\$ 90,566	\$ 778,126	\$ 112,520	\$ 209,023

The Notes to the Financial Statements are an integral part of this statement.

		<b>Governmental Activities – Internal Service Funds</b>
<b>Total</b>		
\$ 578,622	\$	42,739
488,568		—
92,341		—
20,505		212,839
359,399		—
(359,617)		—
(283,374)		(95,880)
(550,095)		(850)
(36,387)		—
(35,762)		(100,504)
(8,403)		(52,494)
(36,302)		—
<u>229,495</u>		<u>5,850</u>
7,603		9,966
(9,385)		—
109		—
(461)		(727)
(102,044)		(25)
19,842		—
25,441		—
54,584		—
(76,695)		—
<u>(81,006)</u>		<u>9,214</u>
0		(3,588)
5,456		—
0		3,492
(1,134)		(48)
(7,228)		(19,151)
(1,681)		(43)
3,085		352
(7,263)		—
<u>(8,765)</u>		<u>(18,986)</u>
602,202		—
82,526		3,232
(599,140)		—
<u>85,588</u>		<u>3,232</u>
225,312		(690)
964,923		63,410
<u>\$ 1,190,235</u>	<u>\$</u>	<u>62,720</u>

Continues

**State of Utah****Statement Of Cash Flows  
Proprietary Funds****Continued**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Student Assistance Programs</b>	<b>Unemployment Compensation Fund</b>	<b>Water Loan Programs</b>	<b>Nonmajor Enterprise Funds</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss) .....	\$ (13,991)	\$ 122,835	\$ (2,408)	\$ 66,323
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense .....	525	—	—	1,626
Interest Expense for Noncapital and Capital Financing .....	96,464	—	—	—
Miscellaneous Gains, Losses, and Other Items .....	5,833	—	—	72
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds .....	4,984	18,057	1,521	2,804
Notes/Accrued Interest Receivables .....	(22,260)	—	(21,372)	(28,608)
Inventories .....	—	—	—	(1,892)
Prepaid Items/Deferred Charges .....	(5)	—	—	—
Accrued Liabilities/Due to Other Funds .....	3,160	(2,028)	(297)	(2,729)
Unearned Revenue/Deposits .....	—	—	—	1,304
Notes Payable .....	—	—	—	—
Policy Claims Liabilities .....	—	(423)	—	—
Net Cash Provided (Used) by Operating Activities .....	<u>\$ 74,710</u>	<u>\$ 138,441</u>	<u>\$ (22,556)</u>	<u>\$ 38,900</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Increase (Decrease) in Fair Value of Investments .....	\$ —	\$ —	\$ (20)	\$ (33)
Contributed Capital Assets Transferred In (Out) .....	<u>—</u>	<u>—</u>	<u>—</u>	<u>(19,745)</u>
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (20)</u>	<u>\$ (19,778)</u>

The Notes to the Financial Statements are an integral part of this statement.

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		<b>Governmental Activities – Internal Service Funds</b>
	<b>Total</b>	
	<u>          </u>	<u>          </u>
\$	172,759	\$ (105)
	2,151	16,356
	96,464	—
	5,905	—
	27,366	(21,334)
	(72,240)	(850)
	(1,892)	458
	(5)	(1,783)
	(1,894)	15,558
	1,304	(444)
	0	(36)
	(423)	(1,970)
	<u>          </u>	<u>          </u>
\$	<u>229,495</u>	\$ <u>5,850</u>
\$	(53)	\$ (12)
	<u>(19,745)</u>	<u>—</u>
\$	<u>(19,798)</u>	\$ <u>(12)</u>



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## **Fiduciary Fund Financial Statements**

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### **Pension and Other Employee Benefit Trust Funds**

These funds are used to account for defined benefit pension plans and defined contribution plans administered by the Utah Retirement Systems, and to account for the State Post-Retirement Benefits Trust Fund, a defined benefit Other Postemployment Benefit Plan (OPEB Plan) administered by the State.

### **Investment Trust Fund**

This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

### **Private Purpose Trust Funds**

These funds are used to report resources of all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

### **Agency Funds**

Agency funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals.

Individual funds are presented by fund type beginning on page 170.

**State of Utah****Statement Of Fiduciary Net Assets  
Fiduciary Funds**

June 30, 2007

(Expressed in Thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 2,148,053	\$ 1,076	\$ 54,213	\$ 156,298
Receivables:				
Accounts .....	124	—	6,158	2,075
Contributions .....	34,374	—	—	—
Investments .....	318,904	—	—	—
Accrued Interest .....	—	55,926	—	—
Accrued Assessments .....	—	—	11,272	—
Due From Other Funds .....	1,997	—	630	484
Investments:				
Debt Securities .....	5,406,975	5,406,020	634,214	22,600
Equity Investments .....	11,549,185	—	1,855,654	—
Absolute Return .....	1,197,638	—	—	—
Private Equity .....	802,584	—	—	—
Real Estate .....	3,329,763	—	—	—
Mortgage Loans .....	6,848	—	—	—
Invested Securities Lending Collateral .....	2,256,337	—	—	—
Investment Contracts .....	43,918	—	—	—
Total Investments .....	<u>24,593,248</u>	<u>5,406,020</u>	<u>2,489,868</u>	<u>22,600</u>
Capital Assets:				
Land .....	1,779	—	260	—
Buildings and Improvements .....	11,241	—	4,566	—
Machinery and Equipment .....	3,196	—	787	—
Construction in Progress .....	—	—	378	—
Less Accumulated Depreciation .....	(14,184)	—	(1,937)	—
Total Capital Assets .....	<u>2,032</u>	<u>0</u>	<u>4,054</u>	<u>0</u>
Total Assets .....	<u>27,098,732</u>	<u>5,463,022</u>	<u>2,566,195</u>	<u>\$ 181,457</u>
<b>LIABILITIES</b>				
Accounts Payable .....	1,034,061	—	2,034	\$ —
Securities Lending Liability .....	2,256,337	—	—	—
Due To Other Funds .....	—	—	6,405	—
Due To Individuals, Organizations, and Other Governments .....	—	—	—	181,457
Unearned Revenue .....	—	—	286	—
Leave/Postemployment Benefits .....	7,625	—	—	—
Policy Claims Liabilities/Insurance Reserves .....	6,268	—	278,667	—
Real Estate Liabilities .....	1,273,254	—	—	—
Total Liabilities .....	<u>4,577,545</u>	<u>0</u>	<u>287,392</u>	<u>\$ 181,457</u>
<b>NET ASSETS</b>				
Held in trust for:				
Pension Benefits .....	19,829,629	—	—	—
Other Postemployment Benefits .....	28,042	—	—	—
Defined Contribution .....	2,663,516	—	—	—
Pool Participants .....	—	5,463,022	—	—
Individuals, Organizations, and Other Governments .....	—	—	2,278,803	—
Total Net Assets .....	<u>\$ 22,521,187</u>	<u>\$ 5,463,022</u>	<u>\$ 2,278,803</u>	
Participant Account Balance Net Asset Valuation Factor ....		<u>0.999798</u>		

The Notes to the Financial Statements are an integral part of this statement.

**State of Utah****Statement Of Changes In Fiduciary Net Assets  
Fiduciary Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Member .....	\$ 269,735	\$ —	\$ 508,763
Employer .....	573,904	—	—
Court Fees and Fire Insurance Premiums .....	11,241	—	—
Total Contributions .....	<u>854,880</u>	<u>0</u>	<u>508,763</u>
Pool Participant Deposits .....	<u>—</u>	<u>7,693,739</u>	<u>—</u>
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments .....	2,277,984	275	249,293
Interest, Dividends, and Other Investment Income .....	551,522	304,472	63,055
Less Investment Expenses .....	(58,509)	(164)	—
Net Investment Income .....	<u>2,770,997</u>	<u>304,583</u>	<u>312,348</u>
Transfers From Affiliated Systems .....	<u>6,481</u>	<u>—</u>	<u>—</u>
Other Additions:			
Escheats .....	—	—	19,229
Royalties and Rents .....	—	—	4,017
Fees, Assessments, and Revenues .....	—	—	82,059
Miscellaneous .....	—	—	46,548
Total Other .....	<u>0</u>	<u>0</u>	<u>151,853</u>
Total Additions .....	<u>3,632,358</u>	<u>7,998,322</u>	<u>972,964</u>
<b>DEDUCTIONS</b>			
Pension Benefits .....	709,799	—	—
Retiree Healthcare Benefits .....	23,850	—	—
Refunds/Plan Distributions .....	155,417	—	—
Earnings Distribution .....	—	302,539	—
Pool Participant Withdrawals .....	—	6,545,396	—
Transfers To Affiliated Systems .....	6,481	—	—
Trust Operating Expenses .....	—	—	32,378
Distributions and Benefit Payments .....	—	—	58,138
Administrative and General Expenses .....	15,849	—	12,218
Total Deductions .....	<u>911,396</u>	<u>6,847,935</u>	<u>102,734</u>
Change in Net Assets Held in Trust for:			
Pension Benefits .....	2,371,480	—	—
Other Postemployment Benefits .....	28,042	—	—
Defined Contributions .....	321,440	—	—
Pool Participants .....	—	1,150,387	—
Individuals, Organizations, and Other Governments .....	—	—	870,230
Net Assets – Beginning .....	<u>19,800,225</u>	<u>4,312,635</u>	<u>1,408,573</u>
Net Assets – Ending .....	<u>\$ 22,521,187</u>	<u>\$ 5,463,022</u>	<u>\$ 2,278,803</u>

The Notes to the Financial Statements are an integral part of this statement.

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## **Component Unit Financial Statements**

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### **Utah Housing Corporation**

The Corporation was created to provide an alternative source of funding for home mortgages, particularly for lower income families. It is funded entirely through the issuance of bonds, which are repaid from the interest and principal payments made on mortgages.

### **Public Employees Health Program**

This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah.

### **University of Utah and Utah State University**

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

### **Nonmajor Component Units**

Nonmajor component units are presented beginning on page 182.

**State of Utah****Combining Statement Of Net Assets  
Component Units**

June 30, 2007

(Expressed in Thousands)

	<b>Utah Housing Corporation</b>	<b>Public Employees Health Program</b>	<b>University of Utah</b>	<b>Utah State University</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 436,095	\$ 12,971	\$ 551,160	\$ 22,566
Investments .....	—	40,575	386,385	32,030
Receivables:				
Accounts, net .....	—	24,285	221,637	48,301
Notes/Loans/Mortgages/Pledges, net .....	19,095	—	42,359	4,936
Accrued Interest .....	5,062	1,231	9,389	—
Due From Primary Government .....	—	—	—	—
Prepaid Items .....	2,413	14,953	—	1,316
Inventories .....	—	—	32,374	4,341
Deferred Charges .....	—	—	11,645	—
Total Current Assets .....	<u>462,665</u>	<u>94,015</u>	<u>1,254,949</u>	<u>113,490</u>
Noncurrent Assets:				
Restricted Investments .....	118,104	—	464,370	69,754
Accounts Receivables, net .....	—	—	—	422
Investments .....	173,826	145,069	222,777	122,176
Notes/Loans/Mortgages/Pledges Receivables, net .....	1,092,711	—	69,523	10,828
Deferred Charges .....	11,077	—	15,241	—
Other Assets .....	6,266	—	—	—
Capital Assets (net of Accumulated Depreciation) .....	6,531	712	1,248,432	462,574
Total Noncurrent Assets .....	<u>1,408,515</u>	<u>145,781</u>	<u>2,020,343</u>	<u>665,754</u>
Total Assets .....	<u>1,871,180</u>	<u>239,796</u>	<u>3,275,292</u>	<u>779,244</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	52,965	15,826	139,993	37,097
Securities Lending Liability .....	—	19,823	—	—
Deposits .....	—	—	87,299	369
Due To Primary Government .....	—	5,040	19,566	3,918
Unearned Revenue .....	—	4,153	26,609	16,904
Current Portion of Long-term Liabilities (Note 10) .....	122,898	68,043	28,061	11,826
Total Current Liabilities .....	<u>175,863</u>	<u>112,885</u>	<u>301,528</u>	<u>70,114</u>
Noncurrent Liabilities:				
Accrued Liabilities .....	693	—	—	—
Unearned Revenue .....	—	—	—	1,490
Deposits .....	—	—	9,400	—
Due To Primary Government .....	—	—	7,230	—
Long-term Liabilities (Note 10) .....	1,477,532	53,086	420,975	121,991
Total Noncurrent Liabilities .....	<u>1,478,225</u>	<u>53,086</u>	<u>437,605</u>	<u>123,481</u>
Total Liabilities .....	<u>1,654,088</u>	<u>165,971</u>	<u>739,133</u>	<u>193,595</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt .....	2,889	712	927,224	364,321
Restricted for:				
Nonexpendable:				
Higher Education .....	—	—	361,955	67,993
Expendable:				
Higher Education .....	—	—	552,205	115,691
Debt Service .....	182,212	—	—	—
Insurance Plans .....	—	73,113	—	—
Other .....	—	—	—	37,644
Unrestricted .....	31,991	—	694,775	—
Total Net Assets .....	<u>\$ 217,092</u>	<u>\$ 73,825</u>	<u>\$ 2,536,159</u>	<u>\$ 585,649</u>

The Notes to the Financial Statements are an integral part of this statement.

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Nonmajor Component Units	Total
\$ 237,595	\$ 1,260,387
21,469	480,459
30,665	324,888
6,829	73,219
759	16,441
480	480
4,440	23,122
13,516	50,231
310	11,955
<u>316,063</u>	<u>2,241,182</u>
78,539	730,767
—	422
125,726	789,574
21,539	1,194,601
—	26,318
7,149	13,415
<u>875,913</u>	<u>2,594,162</u>
<u>1,108,866</u>	<u>5,349,259</u>
<u>1,424,929</u>	<u>7,590,441</u>
27,813	273,694
—	19,823
1,075	88,743
5,050	33,574
17,897	65,563
20,495	251,323
<u>72,330</u>	<u>732,720</u>
—	693
—	1,490
802	10,202
1,435	8,665
<u>118,709</u>	<u>2,192,293</u>
<u>120,946</u>	<u>2,213,343</u>
<u>193,276</u>	<u>2,946,063</u>
764,906	2,060,052
100,469	530,417
158,203	826,099
—	182,212
—	73,113
36	37,680
<u>208,039</u>	<u>934,805</u>
<u>\$ 1,231,653</u>	<u>\$ 4,644,378</u>



**State of Utah****Combining Statement Of Activities  
Component Units**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b><u>Utah Housing Corporation</u></b>	<b><u>Public Employees Health Program</u></b>	<b><u>University of Utah</u></b>	<b><u>Utah State University</u></b>
Expenses .....	<u>\$ 87,640</u>	<u>\$ 564,658</u>	<u>\$ 2,123,266</u>	<u>\$ 451,775</u>
Program Revenues:				
Charges for Services:				
Tuition and Fees .....	—	—	170,922	91,634
Scholarship Allowances .....	—	—	(18,102)	(26,281)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of \$41,552) .....	99,919	567,562	1,444,732	59,645
Operating Grants and Contributions .....	—	10,356	509,951	188,500
Capital Grants and Contributions .....	—	—	192,014	9,395
Total Program Revenues .....	<u>99,919</u>	<u>577,918</u>	<u>2,299,517</u>	<u>322,893</u>
Net (Expenses) Revenues .....	<u>12,279</u>	<u>13,260</u>	<u>176,251</u>	<u>(128,882)</u>
General Revenues:				
State Appropriations .....	—	—	269,700	144,866
Unrestricted Investment Income .....	—	—	—	—
Permanent Endowments Contributions .....	—	—	17,185	3,043
Total General Revenues .....	<u>0</u>	<u>0</u>	<u>286,885</u>	<u>147,909</u>
Change in Net Assets .....	<u>12,279</u>	<u>13,260</u>	<u>463,136</u>	<u>19,027</u>
Net Assets – Beginning .....	<u>204,813</u>	<u>60,565</u>	<u>2,073,023</u>	<u>566,622</u>
Net Assets – Ending .....	<u><u>\$ 217,092</u></u>	<u><u>\$ 73,825</u></u>	<u><u>\$ 2,536,159</u></u>	<u><u>\$ 585,649</u></u>

The Notes to the Financial Statements are an integral part of this statement.

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<b>Nonmajor Component Units</b>	<b>Total</b>
<u>\$ 809,545</u>	<u>\$ 4,036,884</u>
258,885	521,441
(40,288)	(84,671)
113,935	2,285,793
179,902	888,709
61,082	262,491
<u>573,516</u>	<u>3,873,763</u>
<u>(236,029)</u>	<u>(163,121)</u>
340,457	755,023
1,682	1,682
3,279	23,507
<u>345,418</u>	<u>780,212</u>
<u>109,389</u>	<u>617,091</u>
1,122,264	4,027,287
<u><u>\$ 1,231,653</u></u>	<u><u>\$ 4,644,378</u></u>

**Notes to the Financial Statements**

Fiscal Year Ended June 30, 2007

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the State of Utah conform in all material respects with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**A. Reporting Entity**

For financial reporting purposes, the State of Utah reporting entity includes the “primary government” and its “component units.” The primary government includes all funds, agencies, boards, commissions, and authorities that are considered an integral part of the State’s activities. The State’s component units are legally separate organizations for which the State’s elected officials are financially accountable.

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body and either: (1) the ability of the State to impose its will on that organization or; (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Where the State does not appoint a voting majority of an organization’s governing body, GASB standards require inclusion in the reporting entity if an organization is fiscally dependent on the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

Except where noted below, the State’s component units issue their own separate audited financial statements as special-purpose governments engaged only in business-type activities. These financial statements can be obtained from their respective administrative offices or from the Utah State Auditor’s Office, PO Box 142310, Salt Lake City, UT 84114.

Entities such as the local school districts and local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. (The State’s support of the public education system is reported in the Uniform School Fund, a special revenue fund.)

**Blended Component Units**

Blended component units provide services entirely or almost entirely to the primary government. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds.

Utah State Building Ownership Authority (blended with the primary government’s debt service and capital projects funds) — The Authority was created by the Legislature as a body politic and corporate for the purpose of financing, owning, leasing and operating facilities to meet the needs of state government. It is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. Separate financial statements are not required or issued for the Authority.

**Discrete Component Units**

Discretely presented component units are reported in a separate column and/or rows in each of the government-wide statements to emphasize that they are legally separate from the State. The Governor appoints at least a majority of the governing board members of each of the State’s component units, subject in most cases to approval by the Senate. The Utah Housing Corporation is included in the reporting entity because of its ability to issue moral obligation debt of the State and low-income housing tax credits. The other component units are included in the reporting entity because under the criteria established by GASB, the State has the ability to impose its will on these organizations. The colleges and universities, the Public Employees Health Program, Comprehensive Health Insurance Pool and the Schools for the Deaf and Blind are included as component units due to the level of oversight provided by the State. The Governor-appointed board members of the remaining component units can be replaced at will.

The State’s major discrete component units are:

Utah Housing Corporation — The Corporation issues bonds to provide capital for housing and home mortgages, especially for low and moderate-income families. Operations are financed from bond proceeds and from mortgage and investment interest and fees.

Public Employees Health Program — This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah. The Program is administered by the Utah State Retirement Board.

University of Utah and Utah State University — These universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

The State’s nonmajor discrete component units are:

Comprehensive Health Insurance Pool — The Pool is a nonprofit quasi-governmental entity established within the State Insurance Department. It provides access to health insurance coverage for residents of the State who are considered uninsurable.

Utah Schools for the Deaf and the Blind — These Schools provide practical education to individuals with hearing and/or vision impairments. Although not required, these Schools issue separate but unaudited financial statements.

Heber Valley Historic Railroad Authority — The Authority is an independent state agency that maintains and operates a scenic and historic railroad in and around the Heber Valley. The Authority has a separate compilation report, but separate audited financial statements are not required or issued for it.

Utah State Fair Corporation — This is a nonprofit public corporation that operates the State Fair Park and conducts the Utah State Fair and other various expositions and entertainment events. It receives state appropriations for operations and working capital.

Colleges and Universities — Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley State College, Dixie State College of Utah, College of Eastern Utah, Snow College, and the Utah College of Applied Technology. Separate audited financial statements are not required or issued for the Utah College of Applied Technology; however, its significant branch campuses each issue separate audited financial statements.

### Fiduciary Component Units

Utah Retirement Systems (pension and other employee benefit trust funds) — Utah Retirement Systems administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. Utah Retirement Systems is an independent state agency subject to legislative and executive department budgetary examination and comment. The Utah State Retirement Board, a seven-member board, is established by statute to administer the systems and plans, and to serve as investment trustees of the funds. Six members are appointed by the Governor with the advice and consent of the Senate, while the State Treasurer serves as the seventh member. Because of the State's trustee responsibilities for these systems and plans, GAAP requires them to be reported as pension trust funds of the primary government rather than discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

### Related Organization (Excluded from Financial Statements)

Workers' Compensation Fund — This Fund is a nonprofit quasi-public corporation created by the Legislature for a public purpose that provides workers' compensation insurance to private and public employers. The Governor appoints six of the Fund's seven board of directors, but the State's financial accountability for the Fund does not extend beyond making the appointments.

## B. Government-wide and Fund Financial Statements

### Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the reporting entities' non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The State does not allocate general government (indirect) expenses to other functions. Program

revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. For governmental and proprietary funds financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

## C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

### Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, wages, or activity being taxed occurred. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met.

### Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 45 days after yearend. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after yearend.

Expenditures are generally recorded when the related liability is incurred, as under the accrual basis of accounting. However, expenditures for principal and interest on long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (come due for payment).

**Major Governmental Funds** — The State reports the following major governmental funds:

- **General Fund.** This fund is the principal operating fund of the State. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Education Fund.** This special revenue fund accounts for all revenues from taxes on intangible property or from a tax on income that supports public and higher education.
- **Uniform School Fund.** This special revenue fund accounts for specific revenues and expenditures that support public elementary and secondary schools in the State.
- **Transportation Fund.** This special revenue fund accounts for revenues and expenditures associated with highway construction and maintenance.
- **Transportation Investment Fund.** This special revenue fund accounts for revenue and expenditures associated with Centennial Highway projects and other specific highway projects.
- **Trust Lands Fund.** This is a permanent fund that accounts for land grants and the sale of such lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

**Nonmajor Governmental Funds** — The State's nonmajor governmental funds include other special revenue funds, capital projects funds, and debt service funds. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. Examples include tobacco settlement monies, environmental activities, crime victim reparations, debt collections, and rural development programs. The capital projects funds account for the resources used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds. The debt service funds account for resources used for the payment of interest and principal on general long-term debt obligations.

### Proprietary Fund Financial Statements

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described previously. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

Reporting for business-type activities and enterprise funds follow all GASB pronouncements, and all Financial Accounting Standards Boards (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The State has elected not to apply FASB pronouncements issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as nonoperating.

**Major Enterprise Funds** — The State reports the following major enterprise funds in its proprietary fund statements:

- **Student Assistance Programs.** These programs make loans to, and purchase loans of, qualified students attending eligible higher education institutions. The programs also guarantee the repayment of student loans made by participating lenders to eligible students.
- **Unemployment Compensation Fund.** This fund pays claims for unemployment to eligible recipients.
- **Water Loan Programs.** This fund provides loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures.

**Nonmajor Enterprise Funds** — The State's nonmajor enterprise funds include loan programs for communities, low-income housing, agricultural and other purposes; Alcoholic Beverage Control (state liquor stores); Utah Correctional Industries; State Trust Lands Administration; and the Utah Dairy Commission.

**Internal Service Funds** — The State also reports the internal service fund type in the proprietary funds statements. The activities accounted for in internal service funds include technology services, fleet operations, risk management, copy and mail services, property management, transportation infrastructure, and human resource management. In the government-wide financial statements, internal service funds are included with governmental activities.

### Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the State in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary fund types are reported:

**Pension and Other Employee Benefit Trust Funds** — These funds account for the plan assets, liabilities, net assets, and changes in net assets of: (1) defined benefit pension plans and defined contribution plans administered by Utah Retirement Systems, and (2) the State Post-Retirement Benefits Trust Fund, a defined benefit other postemployment health care plan (OPEB Plan), administered by the State.

**Investment Trust Fund** — This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

**Private Purpose Trust Funds** — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include the Utah Navajo Trust, Unclaimed Property Trust,

Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Educational Savings Plan Trust.

**Agency Funds** — These funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals. These funds include fines, forfeitures, tax collections, and withholding taxes for employees.

### Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component unit's column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units follow all current GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. In addition, as allowed by GASB standards, the Public Employees Health Program has elected to apply all applicable FASB pronouncements issued after November 30, 1989, that do not conflict with GASB standards.

### D. Fiscal Yearends

All funds and discretely presented component units are reported using fiscal years which end on June 30, except the pension and other employee benefit trust funds (fiduciary funds), administered by Utah Retirement Systems, and the Utah Dairy Commission (nonmajor enterprise fund), which have fiscal years ending December 31.

### E. Assets, Liabilities, and Net Assets/Fund Balances

#### Cash and Cash Equivalents and Investments

Cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. The Student Assistance Programs (enterprise fund) use a trustee for their long-term investing needs, and they consider any cash and cash equivalents held by their trustee as investments.

All cash deposited with the State Treasurer by state entities is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short-term securities and other investments. All interest revenue is allocated to the General Fund unless state law or trust agreements require allocations of interest to other funds. Funds authorized to receive interest earnings are segregated into separate investment pools, and interest is allocated based on cash balances in the pool.

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates,

as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, have determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The Utah Retirement Systems' (pension and other employee benefit trust funds) mortgages are valued on an amortized cost basis which approximates fair value, and the fair value of real estate investments has been estimated based on independent appraisals.

The State's Unemployment Compensation Fund (enterprise fund) monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

Utah Retirement Systems (pension and other employee benefit trust funds) held four types of derivative financial instruments at yearend: futures, currency forwards, options, and swaps. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency dominated portfolio holdings. Utah Housing Corporation (major component unit) enters into various rate swap contracts in order to increase funding capabilities. The Corporation sells variable rate bonds and minimizes the inherent risk with the use of floating-to-fixed interest rate swap contracts. See Note 3 for additional information about derivatives.

#### Receivables

Accounts receivables in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Notes/mortgages receivable for governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are non-interest bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 95 to 100 percent of their principal balance depending on the date disbursed.

Accrued taxes include receivables for taxpayer-assessed taxes where the underlying exchange has occurred in the period ending June 30 or prior, net of applicable estimated refunds and allowances.

Note 5 provides a disaggregation of governmental and business-type receivables, including a breakout of current/noncurrent balances and established allowances.

#### Inventories and Prepaid Items

Proprietary funds and component units inventories are valued at the lower of cost or market. Cost evaluation methods include first-in-first-out (FIFO), last-in-first-out (LIFO), average cost, weighted average, weighted moving average, and retail inventory method.

Governmental fund inventories are recorded as expenditures when purchased except for Transportation Fund inventories that are recorded as expenditures when consumed. Transportation Fund inventories are valued using a weighted average cost.

Prepaid items related to governmental funds are immaterial and recorded as expenditures in the governmental funds financial statements when paid.

Prepaid items for the Student Assistance Programs (enterprise fund) are primarily guarantor insurance premiums charged at the time loan proceeds are disbursed and are amortized over the estimated lives of the loans using a method which approximates the interest method of amortization.

### Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Assets. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets, with the exception of infrastructure, are defined by the State as assets, which cost \$5 thousand or more when acquired and have an estimated useful life greater than one year. Infrastructure assets are capitalized if the cost is over \$1 million. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated fixed assets are valued at their estimated fair value at the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and component units is immaterial and is not capitalized in all cases.

Buildings, equipment, and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Equipment	3–15
Aircraft and Heavy Equipment	5–30
Buildings and Improvements	30–40
Land Improvements	5–20
Infrastructure	15–80

As provided by GASB standards, the State has elected to use the “modified approach” to account for infrastructure assets (roads and bridges) maintained by the State’s Department of Transportation. This includes infrastructure acquired prior to fiscal year 1981. Under this approach, depreciation expense is not recorded and only improvements that expand the capacity or efficiency of an infrastructure asset are capitalized. Using this approach requires the State to: (1) maintain an inventory of the assets and perform periodic condition assessments; (2) estimate each year the annual amount to maintain and preserve the assets at the condition level set by the State; and (3) document that the assets are being preserved approximately at or above the condition level set by the State. Other infrastructure, which is primarily maintained by the Department of Natural Resources, is capitalized and depreciated.

Most works of art and historical treasures are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, and preserved and subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The State’s assets of this nature include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and paleontological and archaeological collections.

### Accrued Liabilities

Accrued liabilities include the liability for employee payrolls and liabilities accruing over time where demand for payment is due shortly after fiscal yearend. See Note 6 for additional information about accrued liabilities.

### Deferred Revenue — Unearned and Unavailable

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, deferred revenue is recorded when revenue is either unearned or unavailable. Deferred revenues for the Student Assistance Programs (enterprise fund) are primarily guarantee fees that are recognized as income over a period of ten years using the sum-of-the-years-digits method.

### Policy Claims Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates. Policy claims liabilities for Unemployment Insurance are for claims filed as of the reporting date. A substantial portion of policy claims liabilities is long-term in nature. Therefore, claims liabilities are reported as long-term liabilities on the Statement of Net Assets.

### Long-term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, deferred amount on refunding, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets).

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental



entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Federal regulations also require the Student Assistance Programs (enterprise fund) to keep the yield on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. One method of reducing this yield is to make yield reduction payments to the United States Treasury. Estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations.

Arbitrage liability is treated as an expense in the government-wide Statement of Net Assets and the proprietary fund financial statements when the liability is recognized. Arbitrage liability is recorded as an expenditure in the governmental funds financial statements when the liability is due. At June 30, 2007, the total estimated arbitrage rebate liability in the Student Assistance Programs (enterprise fund) was \$72.487 million, of which \$70.588 million represents yield reduction payments and \$1.899 million represents the estimated liability for non-purpose interest. Other arbitrage liabilities are immaterial.

#### **Compensated Absences and Postemployment Benefits**

Employees' vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 40 days may be carried forward at the beginning of each calendar year. Unused vacation leave is paid to employees upon termination. Employees who have a sick leave balance in excess of 144 hours at the beginning of a calendar year are eligible to "convert" up to 40 hours of sick leave if less than that amount is used during the year. Employees may use converted sick leave in place of annual leave. Any balance in converted sick is paid to employees upon termination. This converted sick leave program ends on January 1, 2014. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Assets as part of long-term liabilities. However, in accordance with GAAP, the liability is not recorded in the governmental funds financial statements. See Note 10 for additional information about the liability.

Employees earn sick leave at a rate of four hours for each two-week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination unless employees are eligible for retirement or the sick leave is "converted". Sick leave is expended when used.

At retirement, for participating agencies, an employee receives 25 percent of the value of all unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. Each day of remaining sick leave earned prior to January 1, 2006 may be used to participate in the State's Other Postemployment Benefit Plan (OPEB Plan) to purchase health and life insurance coverage or Medicare supplemental insurance. Any remaining sick leave earned on or after January 1, 2006, is converted to a value (based on the higher of the employee's rate of pay at retirement or average pay rate of retirees in the previous year) and placed in a defined contribution plan – health reimbursement arrangement administered by Utah Retirement Systems. The Annual Required Contribution

(ARC) needed to fund current and future liabilities of the OPEB Plan is provided by charges to agency budgets. Payments of postemployment health and life insurance benefits to retirees are made from the OPEB plan that is administered as a single-employer defined benefit healthcare plan. See Note 17 for additional information about the State's OPEB Plan administered as an irrevocable trust.

For administrative purposes, the State maintains compensated absences pools within the General Fund, Uniform School Fund, and Transportation Fund. The ongoing payments from the pools are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used. Payment of leave balances at termination is made from the compensated absences pools. Proprietary funds, Utah Schools for the Deaf and the Blind, and private purpose trust funds of the primary government also participate in the pools and the OPEB Plan, and have no liability for leave or postemployment benefits once their contributions have been made.

Compensatory time for overtime worked may be earned up to a maximum of 80 hours. Any overtime exceeding 80 hours is paid when earned. In accordance with GAAP, compensatory time is expended when the leave is taken in governmental funds, but is expensed when earned for budgetary purposes.

Vacation earnings, sick leave earnings, and termination policies vary among component units and from the primary government's policies. Vacation leave is expended when earned and sick leave is expended when used.

#### **Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide, proprietary fund, and fiduciary funds financial statements, and "Fund Balance" on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as reserved, designated, or unreserved. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

#### **F. Revenues and Expenditures/Expenses**

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. However, the State has some programs that are funded by appropriations from both unrestricted resources and resources required by law to be deposited in a specific subfund for a specific purpose (which may include restricted resources). In those instances, it is the State's policy to expend those resources proportionally based on the amounts appropriated from each source.

#### **Grants**

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when

the related allowable expenditures are incurred and all applicable eligibility requirements are met.

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodities revenue and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2007, the State reported revenue and expenditures of \$10.823 million for commodities in the General Fund, and \$11.856 million for commodities in the Uniform School Fund (special revenue fund).

### Investment Income

Investment income includes interest, dividends and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from investments in the Trust Lands permanent fund and the Tobacco Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Uniform School Fund and the General Fund, respectively. One half of the applicable income reported in the General Fund is then transferred back into the Tobacco Endowment Fund to increase the principal in the fund as required by state law.

### Retirement and Employee Benefit Costs

Most state employees participate in a defined benefit pension plan and/or defined contribution plan administered by Utah Retirement Systems. Contributions collected for the pension plans and contribution plans and the retirement benefits paid are accounted for in the Pension and Other Employee Benefit Trust Funds. All costs for pension, health, and federal social security contributions are reported as expenditures in the appropriate function in governmental fund types or as expenses in applicable proprietary fund types. Pension and other benefit costs are recognized in the fiscal year in which the underlying payroll cost is incurred.

### G. Interfund Transactions

#### Government-wide Financial Statements

**Interfund Activity** — In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount.

**Interfund Balances** — Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

### Governmental Fund Financial Statements

**Interfund Activity** — Interfund transactions for goods sold or services rendered for a price approximating their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority. Transfers are presented in Note 13.

### H. Future Changes in Accounting Standards

The governmental Accounting Standards Board has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This new accounting and reporting standard may impact the State's recognition and timing of pollution liabilities in the government-wide and fund financial statements. The requirements of this Statement are effective for fiscal year 2009 and may require restating of beginning net assets and fund balances. The State is currently not planning to early implement Statement No. 49, and has made no estimation of the effect this Statement will have on the financial statements.

### NOTE 2. BEGINNING NET ASSET ADJUSTMENTS AND OTHER CHANGES

#### Beginning Net Assets Adjustments

Effective July 1, 2006, the Legislature created the Education Fund (major governmental fund) and designated that revenue from taxes on income, in addition to reserves of the Education Budget Reserve Account previously reported as part of the Uniform School Fund (major governmental fund), be reported within this new fund. As a result of this change, a reclassification of \$345.77 million was made to reduce beginning fund balance of the Uniform School Fund and increase the beginning fund balance of the Education Fund. This change had no impact on governmental activities as reported on the prior year Statement of Activities.

The State Debt Collection Fund was reevaluated and statutorily changed to a special revenue fund (nonmajor governmental fund and reported as part of Miscellaneous Special Revenue Funds). It was previously reported as an internal service fund. As a result of this change, a reclassification of \$942 thousand was made to reduce beginning net assets of internal service funds and increase beginning net assets of nonmajor governmental funds. This change had no impact on governmental activities as reported on the prior year Statement of Activities.

#### GASB Statement Changes

For the fiscal year ended June 30, 2007, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

- GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

- GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.
- GASB Statement 47, *Accounting for Termination Benefits*.

GASB Statement 43 establishes the financial reporting framework for postemployment healthcare and similar benefit plans (OPEB) when administered as trusts. This Statement provides standards for (1) financial reporting of the plan assets, liabilities, net assets, and changes in net assets held in trust for payment of benefits and, (2) disclosure of actuarial information about the funded status and funding progress of the plan. As a result, the financial reporting and disclosures related to the State's OPEB Plan were changed. Specific changes are reflected in Note 17.

GASB Statement 45 establishes standards for the accrual basis measurement and recognition of OPEB expense over a period that approximates employees' years of service. In addition, this Statement provides information about actuarial accrued liabilities associated with OPEB Plans and whether and to what extent progress is being made in funding the plans. This Statement was early implemented and prospectively, with no beginning net OPEB obligation.

GASB Statement 47 provides guidance for measuring, recognizing, and reporting liabilities and expense/expenditures related to all termination benefits, including voluntary and involuntary termination benefits. The primary government does not provide termination benefits. Where applicable, the State's colleges and universities (component units) have adopted Statement 47.

The provisions of these new standards have been incorporated into the financial statements and notes.

#### Unusual Reduction in Actuarial Estimates

The Employers' Reinsurance Trust (private purpose trust fund) is liable for certain injury claims incurred prior to July 1, 1994. The estimated actuarial liability has changed as better information is available from claims being reported and paid. This resulted in a gain of \$32.397 million, which is reported as miscellaneous revenue in the Private Purpose Trust Funds column of the Statement of Changes in Fiduciary Net Assets.

The Petroleum Storage Tank Trust (private purpose trust fund) provides coverage to underground petroleum storage tank owners for the cost of physical damage and third party liability claims resulting from leakage of the tanks. The estimated actuarial liability has changed as better information is available from claims being reported and paid. This resulted in a gain of \$9.72 million, which is reported as miscellaneous revenue in the Private Purpose Trust Funds column of the Statement of Changes in Fiduciary Net Assets.

#### NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments for the primary government and its discrete component units are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council. However, the Act also permits certain funds that have a long-term perspective to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the Tobacco Endowment (special revenue fund), Employers' Reinsurance Trust (private purpose trust), and Utah Educational Savings Plan Trust (private

purpose trust). Exempt from the Act in the primary government are the Trust Lands (permanent fund), Utah Retirement Systems (pension and other employee benefit trust funds) and State Post-Retirement Benefits Trust Fund (OPEB Plan). The discrete component units exempt from the Act are Utah Housing Corporation, Public Employees Health Program, and the college and universities' endowment funds.

#### A. PRIMARY GOVERNMENT

##### Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Money Management Act requires that deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the primary government at June 30, 2007, were \$248.94 million. Of these, \$243.199 million were exposed to custodial credit risk as uninsured and uncollateralized.

##### Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

Statute allows certain funds acquired by gift, devise or bequest to be invested according to Rule 2 of the Money Management Council. Rule 2 allows the State to invest these funds in any of the above investments or in any of the following, subject to satisfying certain criteria: professionally managed pooled or commingled investment funds, or mutual funds which satisfy certain criteria; common stock, convertible preferred stock or convertible bonds; and corporate bonds or debentures. Currently, the Utah Education Savings Trust is the only entity required to comply with Rule 2.

The primary government's investments at June 30, 2007, are presented below. All investments, except those of the Utah Retirement Systems (pension and other employee benefit trust funds), are presented by investment type and debt securities are

presented by maturity. The Utah Retirement Systems are presented consistent with their separately issued financial statements by investment type.

**Primary Government Investments**  
(except pension and other employee benefit trust funds)  
(Expressed in Thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<u>Debt Securities</u>					
U.S. Treasuries .....	\$ 4,756	\$ 106	\$ 3,550	\$ 1,100	\$ —
U.S. Agencies .....	533,116	498,580	31,670	—	2,866
Corporate Debt .....	7,245,795	7,244,794	1,001	—	—
Negotiable Certificates of Deposit .....	894,613	894,613	—	—	—
Money Market Mutual Fund .....	60,000	60,000	—	—	—
Commercial Paper .....	1,263,102	1,263,102	—	—	—
Bond Mutual Fund * .....	725,894	—	—	725,894	—
Repurchase Agreements .....	15,307	15,307	—	—	—
	<u>10,742,583</u>	<u>\$ 9,976,502</u>	<u>\$ 36,221</u>	<u>\$ 726,994</u>	<u>\$ 2,866</u>
<u>Other Investments</u>					
Equity Securities .....	34,466				
Equity Mutual Funds Securities:					
Domestic .....	2,092,378				
International .....	324,126				
U.S. Unemployment Trust Pool .....	776,395				
Real Estate Held for Investment Purposes...	886				
Real Estate Joint Ventures .....	1,894				
Component Units Investment in Primary Government's Investment Pool .....	(697,665)				
<b>Total .....</b>	<b><u>\$13,275,063</u></b>				

\* At June 30, 2007, the bond mutual fund had an average effective maturity of 7.3 years.

The majority of the primary government's corporate debt securities are variable-rate securities, which adjust periodically to the prevailing market interest rates. Because these securities frequently reprice, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

In addition, significant funds with a long-term investment perspective have the following mix of investments (percentages are of the fund's total investments). Utah Educational Savings Plan

Trust (private purpose trust) – \$1.645 billion, 76.4 percent, in domestic equity mutual fund securities; \$345.903 million, 16 percent, in bond mutual fund; \$163.337 million, 7.6 percent, in international equity mutual fund securities. Trust Lands (permanent fund) – \$409.815 million, 44 percent, in domestic equity mutual fund securities; \$361.24 million, 38.8 percent, in bond mutual fund; and \$160.789 million, 17.2 percent, in international equity mutual fund securities. State Post-Retirement Benefits Trust (OPEB plan) – \$10.037 million, 66.8 percent, in bond mutual fund; and \$4.99 million, 33.2 percent, in domestic equity mutual fund securities.

**Utah Retirement Systems Investments**  
(pension and other employee benefit trust funds)  
**At December 31, 2006**  
(Expressed in Thousands)

<u>Investment Type</u>	<u>Fair Value</u>
Debt Securities – Domestic .....	\$ 3,637,704
Debt Securities – International .....	851,478
Equity Securities – Domestic .....	6,099,207
Equity Securities – International .....	3,064,742
Short-term Securities Pools .....	2,162,621
Mortgage Loans:	
Collateralized Loans .....	19
Real Estate Notes .....	6,829
Real Estate .....	3,329,763
Private Equity (Venture Capital) .....	802,584
Absolute Return .....	1,197,638
Guaranteed Investment Contracts .....	43,918
Equity Securities – Domestic (Pooled) .....	442,807
Mutual Fund – International .....	335,685
Mutual Fund – Balanced .....	308,677
Investments Held by Broker-dealers	
Under Securities Lending Program:	
U.S. Government and Agency Securities .....	727,365
Corporate Debt Securities – Domestic .....	80,076
Debt Securities – International .....	88,001
Equity Securities – Domestic .....	966,938
Equity Securities – International .....	326,137
Total Investments .....	24,472,189
Securities Lending Collateral Pool .....	2,256,337
Total Investments .....	<u>\$ 26,728,526</u>

### Interest Rate Risk — Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The primary government's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51–7–11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270–365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. Funds that follow Rule 2 of the Money Management Council may not allow the dollar-weighted average maturity of fixed-income securities to exceed ten years.

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

- For domestic debt securities managers, an individual debt securities investment manager's portfolio shall have an effective duration between 75 and 125 percent of the effective duration of the appropriate index.
- The international debt securities investment managers shall maintain an effective duration of their portfolio between 50 and 150 percent of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

The URS compares an investment's effective duration against the Lehman Brothers Aggregate Index for domestic debt securities and the Lehman Brothers Global Aggregate Index for international debt securities. The index range at December 31, 2006, was 3.35 – 5.58 for domestic debt securities and 2.65 – 7.95 for international debt securities. At December 31, 2006, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2006, the following tables show the investments by investment type, amount and the effective weighted duration.

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Debt Securities Investments, Domestic**  
(Expressed in Thousands)

<b>Investment</b>	<b>Fair Value</b>	<b>Effective Weighted Duration</b>
Asset backed securities	\$ 166,924	1.13
Commercial mortgage backed securities	196,910	3.56
Common Stock	34	NA
Convertible equity	2,505	NA
Corporate bonds	529,971	4.52
Corporate convertible bonds	192	NA
Fixed income	826,758	NA
Fixed income derivatives-futures	481,521	5.46
Fixed income derivatives-options	(215)	NA
Fixed income futures	(481,521)	NA
Government agencies	202,874	3.28
Government bonds	465,446	8.30
Government mortgage backed securities	1,452,791	3.94
Index linked government bonds	115,371	4.88
Municipal/provincial bonds	1,347	13.11
Non-government backed C.M.O.'s	465,274	2.27
Other fixed income	18,961	NA
Total debt securities investments, domestic	<u>\$ 4,445,143</u>	2.91

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Debt Securities Investments, International**  
(Expressed in Thousands)

<b>Investment</b>	<b>Fair Value</b>	<b>Effective Weighted Duration</b>
Asset backed securities	\$ 14,629	1.80
Commercial mortgage backed securities	10,875	2.98
Corporate bonds	436,874	6.13
Government agencies	10,816	1.82
Government bonds	374,624	5.35
Government mortgage backed securities	48,948	3.41
Index linked government bonds	450	—
Municipal/provincial bonds	8,456	6.21
Non-government backed C.M.O.'s	33,806	2.53
Total debt securities investments, international	<u>\$ 939,478</u>	5.24

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**Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The primary government's rated debt investments as of June 30, 2007, with the exception of URS, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

**Primary Government Rated Debt Investments**  
(except pension and other employee benefit trust funds)  
(Expressed in Thousands)

<u>Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>
U.S. Agencies.....	\$ 533,116	\$ 270,503	\$ —	\$ —	\$ 261,747
Corporate Debt.....	\$ 7,245,795	\$ 663,190	\$ 1,476,883	\$ 4,325,662	\$ 780,060
Negotiable Certificates of Deposit.....	\$ 894,613	\$ —	\$ 79,998	\$ 764,615	\$ 50,000
Money Market Mutual Fund.....	\$ 60,000	\$ —	\$ —	\$ —	\$ —
Commercial Paper.....	\$ 1,263,102	\$ —	\$ —	\$ —	\$ —
Bond Mutual Fund.....	\$ 725,894	\$ —	\$ —	\$ —	\$ —
Repurchase Agreements – Underlying:					
U.S. Treasuries.....	\$ 1,481	\$ —	\$ —	\$ —	\$ —
U.S. Agencies.....	\$ 13,826	\$ 13,826	\$ —	\$ —	\$ —

Continues Below

<u>Debt Investments</u>	<u>Quality Ratings</u>	
	<u>A1 *</u>	<u>Unrated</u>
U.S. Agencies.....	\$ —	\$ 866
Corporate Debt.....	\$ —	\$ —
Negotiable Certificates of Deposit.....	\$ —	\$ —
Money Market Mutual Fund.....	\$ —	\$ 60,000
Commercial Paper.....	\$ 1,263,102	\$ —
Bond Mutual Fund.....	\$ —	\$ 725,894
Repurchase Agreements – Underlying:		
U.S. Treasuries.....	\$ —	\$ 1,481
U.S. Agencies.....	\$ —	\$ —

\* A1 is Commercial Paper rating

The URS expects its domestic debt securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- U.S. government and agency securities — no restriction.
- Total portfolio quality shall maintain a minimum overall rating of “A” (S&P) or equivalent rating.
- Securities with a quality rating of below BBB– are considered below investment grade. No more than 5 percent of an investment manager's assets at market with a single issuer of 1 percent of the total portfolio can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10 percent of the portfolio in non-U.S. dollar denominated bonds.
- Upon approval, the international debt securities investment managers may hold up to 25 percent of the market value of their portfolios in securities rated below investment grade (S&P index BBB– or Moody's index Baa3). The remaining assets shall have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2006, is AAA and the fair value of below grade investments was \$77.908 million or 1.75 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2006, was AA+ and the fair value of below grade investments is \$18.266 million or 1.94 percent of the international portfolio.

The following table presents the URS ratings as of December 31, 2006:

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Debt Securities Investments at Fair Value**  
(Expressed in Thousands)

Quality Rating	Domestic	International	Total
AAA	\$ 1,569,080	\$ 349,616	\$ 1,918,696
AA+	21,175	2,445	23,620
AA	79,052	8,670	87,722
AA-	64,051	73,535	137,586
A+	47,931	27,865	75,796
A	23,520	50,827	74,347
A-	28,798	49,399	78,197
BBB+	57,112	39,503	96,615
BBB	75,896	68,465	144,361
BBB-	31,318	12,938	44,256
BB+	7,941	1,446	9,387
BB	7,146	153	7,299
BB-	7,945	—	7,945
B+	—	555	555
B	16,002	—	16,002
B-	11,961	—	11,961
NR	26,913	16,112	43,025
Total credit risk debt securities	2,075,841	701,529	2,777,370
U.S. Government and Agencies**	1,486,753	40,989	1,527,742
Pooled investments*	882,549	196,960	1,079,509
Total debt securities investments	\$ 4,445,143	\$ 939,478	\$ 5,384,621

\* Ratings of pooled investments were unavailable from the custodian.

\*\* Ratings for the U.S. Government and Agencies category were unavailable from the custodian; however, securities issued by the U.S. government and its agencies are generally considered rated AAA or equivalent.

### Custodial Credit Risk — Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The primary government does not have a formal policy for custodial credit risk.

The primary government's investments at June 30, 2007, except those of the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), were held by the State or in the State's name by the State's custodial banks; except \$15.307 million of repurchase agreements where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the State.

At December 31, 2006, the URS investments were registered in the name of URS and held by their custodians except for \$50.453 million of investments that were held by the custodians not in the name of URS and \$2.335 million of investments for which exposure to custodial credit risk could not be determined.

### Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Except for the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), the primary government's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. Funds that follow Rule 2 of the Money Management Council are limited to investments in equity securities and fixed income corporate securities to no more than 5 percent of all funds in any one issuer and no more than 25 percent of all funds in any one industry. No more than 5 percent of all funds may be invested in securities of a corporation that has been in continuous operation for less than three years. No more than 5 percent of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

The primary government had no debt securities investments at June 30, 2007, with more than 5 percent of the total investments in a single issuer.

The URS debt securities investments had no single issuer investments that exceed their portfolio investment guidelines by sector and by issuer as follows:

- AAA/Aaa Debt Securities — no more than 5 percent of an investment manager's assets at market with a single issuer.
- AA-/Aa3 Debt Securities — no more than 4 percent of an investment manager's assets at market with a single issuer.
- A-/A3 Debt Securities — no more than 3 percent of an investment manager's assets at market with a single issuer.
- BBB-/Baa3 Debt Securities — no more than 2 percent of an investment manager's assets at market with a single issuer.
- For Debt Securities — no individual holding shall constitute more than 10 percent of the market value of outstanding debt of a single issuer with the exception of the U.S. government or its agencies, or collateralized mortgage obligations.
- For Domestic Equity Securities — no more than 4 percent of an investment manager's assets at market with a single issuer. Also, no more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market.
- For International Equity Securities — no more than 8 percent of an investment manager's assets at market with a single issuer.

### Foreign Currency Risk — Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The primary government, except the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), does not have a formal policy to limit foreign currency risk.

The Utah Educational Savings Plan Trust (private purpose trust) has \$163.337 million and the Trust Lands (permanent fund) has \$160.789 million invested in international equity funds. As such, no currency denomination is presented.



The URS manage their exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios by sector and by issuer to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. The URS exposure to foreign currency risk is presented on the following table.

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Foreign Currency Risk**  
**International Investment Securities at Fair Value**  
**At December 31, 2006**  
(Expressed in Thousands)

<b>Currency</b>	<b>Short Term</b>	<b>Debt</b>	<b>Equity</b>	<b>Total</b>
Argentine peso .....	\$ 5	\$ 555	\$ —	\$ 560
Australian dollar .....	333	8,221	68,001	76,555
Brazilian real .....	—	2,735	10,360	13,095
British pound sterling .....	(427)	81,862	540,229	621,664
Canadian dollar .....	447	13,104	51,275	64,826
Cayman Islands dollar .....	—	2,720	—	2,720
Chilean peso .....	—	896	742	1,638
Chinese yuan renminbi .....	—	—	3,984	3,984
Danish krone .....	—	2,823	16,206	19,029
El Salvadoran colon .....	—	420	—	420
Estonian kroon .....	—	—	1,937	1,937
Euro .....	26,875	159,330	685,612	871,817
Hong Kong dollar .....	(927)	—	55,167	54,240
Hungarian forint .....	—	926	—	926
Japanese yen .....	5,796	68,679	484,668	559,143
Kazakhstani tenge .....	—	579	—	579
Malaysian ringgit .....	—	—	5,437	5,437
Mexican peso .....	826	23,540	3,047	27,413
New Zealand dollar .....	10	—	1,567	1,577
Norwegian krone .....	—	—	13,727	13,727
Panamanian balboa .....	—	2,277	1,906	4,183
Polish zloty .....	—	10,312	—	10,312
Qatari riyal .....	—	1,106	—	1,106
Russian Federation ruble .....	—	1,567	—	1,567
Singapore dollar .....	285	14,473	14,432	29,190
South African rand .....	—	—	1,412	1,412
South Korean won .....	43	4,730	25,770	30,543
Swedish krona .....	657	35,700	43,880	80,237
Swiss franc .....	657	—	176,834	177,491
Taiwanese new dollar .....	—	—	9,315	9,315
Thai baht .....	—	4,466	—	4,466
United Arab Emirates dirham .....	—	474	—	474
Venezuelan bolivar .....	—	—	5,097	5,097
International equity mutual fund (various currencies) .....	—	196,960	1,427,357	1,624,317
Total Securities subject to foreign currency risk .....	34,580	638,455	3,647,962	4,320,997
United States dollars (securities held by international investment managers) .....	70,543	301,023	78,602	450,168
Total international investment securities .....	<u>\$ 105,123</u>	<u>\$ 939,478</u>	<u>\$ 3,726,564</u>	<u>\$ 4,771,165</u>

**B. COMPONENT UNITS****Custodial Credit Risk — Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the component unit's deposits may not be recovered.

The component units follow the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the component units at June 30, 2007, were \$98.088 million. Of these, \$86.685 million were exposed to custodial credit risk as uninsured and uncollateralized.

**Investments**

The component units follow the applicable investing criteria described above for the primary government, with the exception of Utah Housing Corporation and Public Employees Health Program which are exempt from the Money Management Act.

College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according

to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents. The UPMIFA and Rule 541 allow the Entity to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the above investments or any of the following subject to satisfying certain criteria: professionally managed pooled or commingled investment funds registered with the Securities and Exchange Commission or the Comptroller of the Currency (e.g., mutual funds); professionally managed pooled or commingled investment funds created under 501(f) of the Internal Revenue Code which satisfy the conditions for exemption from registration under Section 3(c) of the Investment Company Act of 1940; any investment made in accordance with the donor's directions in a written instrument; and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital, private equity, both domestic and international), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The component units' investments at June 30, 2007, are presented below.

**Component Units Investments**  
(Expressed in Thousands)

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>					
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>11-20</u>	<u>More Than 20</u>
<u>Debt Securities</u>						
U.S. Treasuries .....	\$ 403,716	\$ 302,007	\$ 101,113	\$ 49	\$ 547	\$ —
Government National Mortgage Association .....	12	—	—	—	12	—
U.S. Agencies .....	786,919	407,849	133,551	17,106	199,421	28,992
Corporate Debt .....	52,262	11,905	17,856	17,340	3,035	2,126
Commercial Paper .....	21,159	21,159	—	—	—	—
Money Market Mutual Funds .....	245,125	245,125	—	—	—	—
Negotiable Certificates of Deposit .....	5,781	5,439	342	—	—	—
Municipal/Public Bonds .....	7,512	335	921	3,939	2,219	98
Repurchase Agreements .....	46,050	46,050	—	—	—	—
Guaranteed Investment Contracts .....	278,905	175,914	62,647	18,032	22,312	—
Bond Mutual Funds .....	151,355	—	5,309	144,013	2,033	—
Securities Lending Cash Collateral Pool .....	19,823	19,823	—	—	—	—
Utah Public Treasurer's Investment Fund .....	697,665	697,665	—	—	—	—
	<u>\$ 2,716,284</u>	<u>\$ 1,933,271</u>	<u>\$ 321,739</u>	<u>\$ 200,479</u>	<u>\$ 229,579</u>	<u>\$ 31,216</u>
<u>Other Investments</u>						
Equity Securities:						
Domestic .....	46,940					
International .....	1,695					
Equity Mutual Funds Securities:						
Domestic .....	422,568					
Mutual Fund – U.S. Agencies .....	12					
Mutual Fund – Real Estate .....	3,027					
Real Estate Held for Investment Purposes .....	2,671					
Total .....	<u>\$ 3,193,197</u>					

**Interest Rate Risk — Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units' policy for managing interest rate risk is the same as described above for the primary government.

**Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The component units' policy for reducing exposure to investment credit risk is the same as described above for the primary government. The component units' debt investments as of June 30, 2007, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

**Component Units Rated Debt Investments**  
(Expressed in Thousands)

<b>Debt Investments</b>	<b>Fair Value</b>	<b>Quality Ratings</b>			
		<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>
U.S. Agencies.....	\$ 786,919	\$ 784,727	\$ 51	\$ —	\$ —
Corporate Debt.....	\$ 52,262	\$ 3,721	\$ 4,259	\$ 25,491	\$ 15,824
Commercial Paper.....	\$ 21,159	\$ —	\$ —	\$ —	\$ —
Money Market Mutual Funds .....	\$ 245,125	\$ 198,351	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit.....	\$ 5,781	\$ 1,724	\$ —	\$ —	\$ —
Municipal/Public Bonds.....	\$ 7,512	\$ 7,512	\$ —	\$ —	\$ —
Guaranteed Investment Contracts .....	\$ 278,905	\$ —	\$ —	\$ —	\$ —
Bond Mutual Funds .....	\$ 151,355	\$ —	\$ —	\$ —	\$ —
Securities Lending Cash Collateral Pool.....	\$ 19,823	\$ —	\$ —	\$ —	\$ —
Utah Public Treasurer's Investment Fund .....	\$ 697,665	\$ —	\$ —	\$ —	\$ —
Repurchase Agreements – Underlying:					
U.S. Agencies.....	\$ 17,475	\$ 14,755	\$ —	\$ —	\$ —
Money Market Mutual Funds .....	\$ 28,575	\$ —	\$ —	\$ —	\$ —

Continues Below

<b>Debt Investments</b>	<b>Quality Ratings</b>			
	<b>BB</b>	<b>B</b>	<b>A1 *</b>	<b>Unrated</b>
U.S. Agencies.....	\$ —	\$ —	\$ —	\$ 2,141
Corporate Debt.....	\$ 1,039	\$ 1,132	\$ —	\$ 796
Commercial Paper.....	\$ —	\$ —	\$ 21,159	\$ —
Money Market Mutual Funds .....	\$ —	\$ —	\$ —	\$ 46,774
Negotiable Certificates of Deposit.....	\$ —	\$ —	\$ —	\$ 4,057
Municipal/Public Bonds.....	\$ —	\$ —	\$ —	\$ —
Guaranteed Investment Contracts .....	\$ —	\$ —	\$ —	\$ 278,905
Bond Mutual Funds .....	\$ —	\$ —	\$ —	\$ 151,355
Securities Lending Cash Collateral Pool.....	\$ —	\$ —	\$ —	\$ 19,823
Utah Public Treasurer's Investment Fund .....	\$ —	\$ —	\$ —	\$ 697,665
Repurchase Agreements – Underlying:				
U.S. Agencies.....	\$ —	\$ —	\$ —	\$ 2,720
Money Market Mutual Funds .....	\$ —	\$ —	\$ —	\$ 28,575

\* A1 is Commercial Paper rating

**Custodial Credit Risk — Investments**

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the component units will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The component units do not have a formal policy for custodial credit risk.

The various component units' investments at June 30, 2007, were held by the component unit or in the name of the component unit by the component unit's custodial bank or trustee, except the following which were uninsured, were not registered in the name of the component unit, and were held by (expressed in thousands):

**Counterparty**

U.S. Treasuries .....	\$ 346,464
U.S. Agencies .....	\$ 367,387
Municipal/Public Bonds .....	\$ 335
Repurchase Agreements .....	\$ 18,887
Equity Securities–Domestic .....	\$ 6,303

**Counterparty's Trust Department or Agent**

U.S. Treasuries .....	\$ 30,801
U.S. Agencies .....	\$ 162,864
Corporate Debt .....	\$ 4,536
Municipal/Public Bonds .....	\$ 534
Repurchase Agreements .....	\$ 24,897
Equity Securities–Domestic .....	\$ 6,252

### Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Except for Utah Housing Corporation and Public Employees Health Program, the component units' policy for reducing this risk of loss is the same as described above for the primary government for non-endowment funds. For college and university endowments funds, their policy for reducing this risk of loss is to follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents.

The Utah Housing Corporation places no limit on the amount the Corporation may invest in any one issuer. More than five percent of the Corporation's investments are in Trinity Guaranteed Investment Contracts, the Federal National Mortgage Association, and CDC Guaranteed Investment Contracts. These investments are 12.36 percent, 11.83 percent, and 9.42 percent, respectively, of the Corporation's total investments.

Utah State University had more than five percent of its investments in the Federal Home Loan Bank, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation. These investments are 35 percent, 23.7 percent, and 12.25 percent, respectively, of the University's total investments.

Public Employees Health Program had more than five percent of its investments in U.S. Government and U.S. Government Agency securities.

### C. Securities Lending

The Utah Retirement Systems (pension and other employee benefit trust funds) and the Public Employees Health Program (component unit) participate in security lending programs as authorized by their Boards. The types of securities lent are U.S. government securities, equity securities, and corporate bonds and notes. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to 102 percent of the market value of the domestic securities on loan and 105 percent of the market value of the international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. There are no restrictions on the amount of loans that can be made. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan are maintained in both state entities' financial records. Corresponding liabilities for collateral received are recorded at the fair value.

At yearend, neither the Utah Retirement Systems nor Public Employees Health Program had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were \$2.189 billion and \$19.52 million, respectively, and the collateral received for those securities on loan was \$2.256 billion and \$19.823 million (includes \$2.338 million of non-cash collaterals), respectively, with carrying amount and fair value being the same. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the

borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool. The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

### D. Derivative Financial Instruments

#### Utah Retirement Systems

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) invests in derivative financial investments as authorized by Board policy. The derivatives are reported at their fair values on the statement of net assets. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from the performance of some agreed upon benchmark. At December 31, 2006, URS had four types of derivative financial investments: futures, currency forwards, options, and swaps.

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded), thereby minimizing URS's credit risk. The net change in the futures contract value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains (losses) in the Statement of Changes in Net Assets. At December 31, 2006, URS investments had the following futures balances (expressed in millions):

	Value Covered By Contract
Long-cash and cash equivalent futures .....	\$ 203,440
Short-cash and cash equivalent futures .....	\$ (177,874)
Long-equity futures .....	\$ 1,142,834
Short-equity futures .....	\$ (114,860)
Long-debt securities futures.....	\$ 554,671
Short-debt securities futures .....	\$ (73,150)

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions. At December 31, 2006, URS investments included the following currency forwards balances (expressed in billions):

Currency forwards ( <i>pending foreign exchange purchases</i> ) .....	\$ 1,286
Currency forwards ( <i>pending foreign exchange sales</i> ) .....	\$ (1,287)

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specific period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2006, URS investments had the following options balances (expressed in thousands):

	<b>Value Covered By Contract</b>
Cash and cash equivalent purchased call options.....	\$ 680
Cash and cash equivalent purchased put options .....	\$ 169
Fixed income written put options .....	\$ (620)
Fixed income written call options.....	\$ 405

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. At the end of the year, URS had two different types of swap arrangements: interest rate swaps and credit default swaps. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. The interest rate swaps allowed URS to convert their long-term variable interest rate credit facility loans into fixed interest rate loans. The credit default swaps protect the rental cash flows on one of URS real estate investments in case the major tenant defaults on its lease contract. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Net Assets. At December 31, 2006, URS investments had the following swap market value balances:

**Utah Retirement Systems (pension and other employee benefit trust funds)**

**Interest Rate Swaps**

**December 31, 2006**

*(Expressed in Thousands)*

	<b>Outstanding Notational Amount*</b>	<b>Interest Rate**</b>	<b>Maturity Date</b>	<b>Fair Value</b>
<u>Interest Rate Swaps</u>				
Interest Rate Swaps	\$1,052,448	4.057 – 5.464 % LIBOR	2008–2021	\$ 8,173
Total	<u>\$1,052,448</u>			<u>\$ 8,173</u>
<u>Credit Facility Swaps</u>				
Morgan Stanley Credit Default Swaps	<u>\$ 111,000</u>		9/29/2009	<u>\$ (228)</u>

\* Base used to calculate interest

\*\* London Interbank Offered Rate

**Utah Housing Corporation**

The following are disclosures for derivative financial instruments held by Utah Housing Corporation (major component unit).

**Objective** — In order to protect against the potential of rising interest rates, the Corporation has entered into 68 separate pay-fixed, receive-variable interest rate swaps and one Interest Rate Cap Agreement as of June 30, 2007. The cost of these swaps is less than what the Corporation would have paid to issue fixed rate debt. The Corporation's swaps are all similar in nature and summary information is included in this report. More detailed information

about each swap is included in the Corporation's separately issued financial statements.

**Terms, Fair Values, and Credit Risk** — The terms, including the fair values of the outstanding swaps as of June 30, 2007, are summarized below. The notional amounts of the swaps matched the principal amounts of the associated debt at the time of issuance. Except as discussed under rollover risk, the Corporation's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable.

**Utah Housing Corporation**  
**Interest Rate Swap and Cap Agreements**  
**June 30, 2007**  
*(Expressed in Thousands)*

<b>Outstanding Notational Amount</b>	<b>Issue Dates</b>	<b>Fixed Rate Paid by the Corporation</b>	<b>Variable Rate Received from Counterparty</b>	<b>Fair Values</b>	<b>Termination Dates</b>
<b>Interest Rate Swap Agreements</b>					
\$ 67,405	2000–2006	4.640% to 7.760 %	LIBOR* plus .15 %	\$ (2,618)	2008–2029
589,515	2000–2006	3.939% to 5.610 %	BMA** plus .27 %	(19,117)	2012–2030
37,300	2007	3.883% to 3.950 %	BMA** plus .11 %	232	2026–2030
<u>\$ 694,220</u>				<u>\$ (21,503)</u>	
<b>Interest Rate Cap Agreements</b>					
\$ 1,785	2005	1.02 %	Excess of BMA ** over 5.73 %	\$ (216)	2027

\* London Interbank Offered Rate

\*\* The Bond Market Association Municipal Swap Index

**Fair Values** — The fair values of swaps are a function of market interest rates and the remaining term on the swap contracts. The fair values of the swap contracts were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

**Credit Risk** — The Corporation executes swap transactions with two counterparties, Lehman Brothers Financial Products, Inc. and Lehman Brothers Derivative Products, Inc. Both counterparties are rated AAA/Aaa, which mitigates any credit risk associated with the derivatives' fair value.

**Basis Risk** — The Corporation's tax-exempt variable-rate bond coupon payments are equivalent to the BMA rate. Its taxable variable-rate bond coupon payments are equivalent to the LIBOR rate. The Corporation is therefore not exposed to basis risk except as disclosed below under Tax Risk/Cross-over.

**Tax Risk / Cross-over** — Twenty-seven of the Corporation's BMA based swaps are exposed to basis risk should Congress or other federal branches of government propose or pass legislation (a "Tax Event"), that causes the relationship between LIBOR and BMA to exceed 75 percent for a continuous period of 180 days. If both of these events occur the result would be that the swap provider would pay the Corporation 68 percent of the LIBOR rate regardless of what the BMA rate is. In addition, various of the Corporation's BMA based Cross-over Swaps are also exposed to basis risk if the LIBOR rate is 3.5 percent or greater and in some cases 4 percent or greater. When the LIBOR rate is greater than 3.5 or 4 percent, the provider will pay the Corporation 68 percent of the LIBOR rate regardless of what the BMA rate is. As of June 30, 2007, no "Tax Event" or "Cross-over Event" has occurred.

**Termination Risk** — The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract.

**Rollover Risk** — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2007, the Corporation's swap termination dates ranged from 0.5 to 24.5 years prior to the maturity dates of the associated debt.

#### **NOTE 4. INVESTMENT POOL**

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (*Utah Code* Title 51, Chapter 7). The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2007, are as follows:

**Public Treasurer's Investment Fund  
Statement of Net Assets**

**June 30, 2007**

*(Expressed in Thousands)*

**Assets**

Cash and Cash Equivalents .....	\$ 326,992
Investments.....	9,671,239
Interest Receivable .....	55,926
Total Assets.....	<u>\$ 10,054,157</u>

**Net Assets Consist of:**

External Participant Account Balances.....	\$ 5,449,654
Internal Participant Account Balances:	
Primary Government .....	3,898,418
Component Units.....	693,639
Undistributed Reserves and Unrealized Gains/Losses.....	12,446
Net Assets .....	<u>\$ 10,054,157</u>

Participant Account Balance Net Asset Valuation Factor .....	<u>.999798</u>
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**Public Treasurer's Investment Fund  
Statement of Changes in Net Assets**

**For the Fiscal Year Ended June 30, 2007**

*(Expressed in Thousands)*

**Additions**

Pool Participant Deposits .....	\$ 10,803,286
Investment Income:	
Investment Earnings .....	483,744
Fair Value Increases (Decreases) .....	576
Total Investment Income .....	484,320
Less Administrative Expenses .....	(222)
Net Investment Income.....	484,098
Total Additions .....	<u>11,287,384</u>

**Deductions**

Pool Participant Withdrawals .....	8,897,524
Earnings Distributions.....	481,753
Total Deductions.....	<u>9,379,277</u>
Net Increase From Operations .....	<u>1,908,107</u>

**Net Assets**

Beginning of Year.....	8,146,050
Net Assets – End of Year .....	<u>\$ 10,054,157</u>

**Public Treasurer's Investment Fund  
Portfolio Statistics**

June 30, 2007		
	Range of Yields	Weighted Average Maturity
Money Market Mutual Fund.....	5.20% – 5.22%	41.5 days
Certificates of Deposit .....	5.20% – 5.50%	63.42 days
U.S. Agencies .....	4.00% – 5.86%	152.3 days
Corporate Bonds and Notes .....	4.85% – 5.67%	60.19 days
Commercial Paper .....	5.20% – 5.41%	50.34 days

June 30, 2007		
	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund .....	5.25%	63.74 days

### Deposits and Investments

The following disclosure of deposits and investments is for the PTIF, which includes external and internal participants. These assets are also included in the Note 3 disclosures of deposits and investments for the primary government. To avoid duplication, some of the detailed information in Note 3 has not been repeated in this note.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2007, were \$76.773 million. Of those, \$75.973 million were exposed to custodial credit risk as uninsured and uncollateralized.

### Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the PTIF's deposits may not be recovered. The PTIF follows the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act.

### Investments

The PTIF follows the Money Management Act by investing only in securities authorized in the Act. See Note 3 for information on authorized investments.

The PTIF investments at June 30, 2007, are presented below.

**Public Treasurer's Investment Fund Investments**  
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1–5
<u>Debt Securities</u>			
U.S. Agencies .....	\$ 522,585	\$ 497,496	\$ 25,089
Corporate Bonds and Notes .....	7,238,462	7,238,462	—
Negotiable Certificates of Deposit...	894,314	894,314	—
Money Market Mutual Fund.....	60,000	60,000	—
Commercial Paper .....	1,249,326	1,249,326	—
	<u>\$ 9,964,687</u>	<u>\$ 9,939,598</u>	<u>\$ 25,089</u>



The majority of the PTIF's U.S. agencies and corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

#### Interest Rate Risk — Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The PTIF's policy for managing interest rate risk is to comply with the State's Money Management Act. See Note 3 for information on requirements of the Act related to interest rate risk.

#### Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The PTIF follows the Money Management Act as its policy for reducing exposure to investment credit risk. The PTIF's rated debt investments as of June 30, 2007, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

#### Public Treasurer's Investment Fund Rated Debt Investments (Expressed in Thousands)

<u><b>Rated Debt Investments</b></u>	<u><b>Fair Value</b></u>	<u><b>Quality Ratings</b></u>			
		<u><b>AAA</b></u>	<u><b>AA</b></u>	<u><b>A</b></u>	<u><b>BBB</b></u>
U.S. Agencies.....	\$ 522,585	\$ 260,838	\$ —	\$ —	\$ 261,747
Corporate Bonds and Notes .....	\$ 7,238,462	\$ 663,190	\$ 1,476,883	\$ 4,318,329	\$ 780,060
Negotiable Certificates of Deposit	\$ 894,314	\$ —	\$ 79,998	\$ 764,316	\$ 50,000
Money Market Mutual Fund.....	\$ 60,000	\$ —	\$ —	\$ —	\$ —
Commercial Paper.....	\$ 1,249,326	\$ —	\$ —	\$ —	\$ —

Continues Below

<u><b>Rated Debt Investments</b></u>	<u><b>Quality Ratings</b></u>	
	<u><b>A1 *</b></u>	<u><b>Not Rated</b></u>
U.S. Agencies.....	\$ —	\$ —
Corporate Bonds and Notes .....	\$ —	\$ —
Negotiable Certificates of Deposit	\$ —	\$ —
Money Market Mutual Fund.....	\$ —	\$ 60,000
Commercial Paper.....	\$ 1,249,326	\$ —

\* A1 is Commercial Paper rating

#### Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total

dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had no debt securities investments at June 30, 2007, with more than 5 percent of the total investments in a single issuer.

**NOTE 5. RECEIVABLES**

Receivables as of June 30, 2007, consisted of the following (in thousands):

	Accounts Receivable					Notes/ Mortgages
	Federal	Customer	Other	Interest	Taxes	
<b>Governmental Activities:</b>						
General Fund.....	\$ 246,144	\$ 206,368	\$ 3,309	\$ 31	\$ 393,019	\$ 4,748
Education Fund.....	—	1,409	—	—	826,614	—
Uniform School Fund.....	52,056	8	148	—	950	8,864
Transportation Fund.....	56,860	8,657	3,115	—	69,892	360
Transportation Investment Fund.....	—	58	—	—	24,480	—
Trust Lands .....	—	—	16,137	2,148	—	2,400
Nonmajor Funds.....	—	9,305	—	46	—	155
Internal Service Funds.....	—	5,664	—	—	—	850
Adjustments:						
Fiduciary Funds.....	—	—	6,405	—	—	—
Total Receivables .....	<u>355,060</u>	<u>231,469</u>	<u>29,114</u>	<u>2,225</u>	<u>1,314,955</u>	<u>17,377</u>
Less Allowance for Uncollectibles:						
General Fund.....	—	(53,900)	—	—	(15,331)	(1,207)
Education Fund.....	—	—	—	—	(105,264)	—
Transportation Fund .....	—	—	(292)	—	(1,861)	—
Transportation Investment Fund.....	—	—	—	—	(1,439)	—
Receivables, net .....	<u>\$ 355,060</u>	<u>\$ 177,569</u>	<u>\$ 28,822</u>	<u>\$ 2,225</u>	<u>\$ 1,191,060</u>	<u>\$ 16,170</u>
Current Receivables .....	\$ 355,060	\$ 154,511	\$ 13,099	\$ 2,225	\$ 1,136,985	\$ 2,640
Noncurrent Receivables .....	—	23,058	15,723	—	54,075	13,530
Total Receivables, net .....	<u>\$ 355,060</u>	<u>\$ 177,569</u>	<u>\$ 28,822</u>	<u>\$ 2,225</u>	<u>\$ 1,191,060</u>	<u>\$ 16,170</u>
<b>Business-type Activities:</b>						
Student Assistance Programs .....	\$ 20,247	\$ 1,385	\$ —	\$ 21,758	\$ —	\$ 1,777,338
Unemployment Compensation.....	143	79,814	—	—	—	—
Water Loan Programs.....	—	912	—	10,226	—	519,217
Nonmajor Funds.....	242	10,283	—	4,434	—	320,353
Total Receivables .....	<u>20,632</u>	<u>92,394</u>	<u>—</u>	<u>36,418</u>	<u>—</u>	<u>2,616,908</u>
Less Allowance for Uncollectibles:						
Student Assistance Programs.....	—	—	—	—	—	(3,039)
Unemployment Compensation .....	—	(9,385)	—	—	—	—
Receivables, net .....	<u>\$ 20,632</u>	<u>\$ 83,009</u>	<u>\$ —</u>	<u>\$ 36,418</u>	<u>\$ —</u>	<u>\$ 2,613,869</u>

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

Receivables for fiduciary funds listed above represent amounts due from fiduciary funds that were reclassified as external receivables on the government-wide Statement of Net Assets.

Aggregated receivables for component units at June 30, 2007, were \$1.55 billion for major component units and \$59.792 million for nonmajor component units, net of an allowance for doubtful accounts of \$54.222 million and \$4.587 million, respectively.

**NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities as of June 30, 2007, consisted of the following (in thousands):

	<b>Salaries/ Benefits</b>	<b>Service Providers</b>	<b>Vendors/ Other</b>	<b>Government</b>	<b>Tax Refunds</b>	<b>Interest</b>	<b>Total</b>
<b>Governmental Activities:</b>							
General Fund .....	\$ 40,270	\$ 238,278	\$ 41,261	\$ 71,366	\$ 5,623	\$ 63	\$ 396,861
Education Fund .....	—	—	—	—	58,936	—	58,936
Uniform School Fund .....	1,704	2,098	15,732	15,922	—	—	35,456
Transportation Fund .....	4,493	—	104,176	42,111	1,596	—	152,376
Nonmajor Funds .....	55	—	46,655	37	—	30,684	77,431
Internal Service Funds .....	4,019	3	14,911	47	—	5	18,985
Adjustments:							
Fiduciary Funds .....	—	—	—	3,002	—	—	3,002
Other .....	—	—	—	—	—	1,450	1,450
Total Governmental Activities .....	<u>\$ 50,541</u>	<u>\$ 240,379</u>	<u>\$ 222,735</u>	<u>\$ 132,485</u>	<u>\$ 66,155</u>	<u>\$ 32,202</u>	<u>\$ 744,497</u>
<b>Business-type Activities:</b>							
Student Assistance Programs .....	\$ 1,112	\$ —	\$ 9,205	\$ 785	\$ —	\$ 9,125	\$ 20,227
Unemployment Compensation .....	—	725	—	28	—	—	753
Water Loan Programs .....	—	—	306	—	—	—	306
Nonmajor Funds .....	1,091	—	10,596	—	—	215	11,902
Adjustments:							
Fiduciary Funds .....	—	—	—	109	—	—	109
Total Business-type Activities .....	<u>\$ 2,203</u>	<u>\$ 725</u>	<u>\$ 20,107</u>	<u>\$ 922</u>	<u>\$ 0</u>	<u>\$ 9,340</u>	<u>\$ 33,297</u>

Accounts payable and accrued liability balances are an aggregation of amounts due to: (1) state employees for salaries/benefits; (2) service providers for childcare, job services and health services; (3) vendors and miscellaneous suppliers; (4) local and federal governments for services; (5) individuals and others as a result of tax overpayments; and (6) interest due on bonds and other obligations.

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds that were reclassified as external payables on the government-wide Statement of Net Assets. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Assets.

**NOTE 7. INTERFUND BALANCES AND LOANS****Interfund Balances**

Interfund balances at June 30, 2007, consisted of the following (in thousands):

Due to General Fund from:	
Uniform School Fund.....	\$ 179
Transportation Fund.....	524
Trust Lands Fund.....	88
Nonmajor Governmental Funds.....	3,031
Unemployment Compensation Fund.....	7,384
Water Loan Programs.....	89
Nonmajor Enterprise Funds.....	10,919
Internal Service Funds.....	5,092
Fiduciary Funds.....	2,700
Total due to General Fund from other funds .....	<u>\$ 30,006</u>
Due to Education Fund from	
Unemployment Compensation Fund.....	<u>\$ 156</u>
Due to Uniform School Fund from:	
General Fund.....	\$ 362
Nonmajor Enterprise Funds .....	3,851
Internal Service Funds.....	2
Total due to Uniform School Fund from other funds .....	<u>\$ 4,215</u>
Due to Transportation Fund from:	
General Fund.....	\$ 144
Transportation Investment Fund.....	46,316
Nonmajor Governmental Funds.....	6
Internal Service Funds.....	2,322
Total due to Transportation Fund from other funds .....	<u>\$ 48,788</u>
Due to Transportation Investment Fund from	
Transportation Fund .....	<u>\$ 3</u>
Due to Trust Lands Fund from	
Nonmajor Enterprise Funds .....	<u>\$ 1,414</u>
Due to Nonmajor Governmental Funds from:	
General Fund.....	\$ 2,562
Transportation Fund .....	11
Nonmajor Enterprise Funds .....	377
Internal Service Funds.....	515
Fiduciary Funds.....	3,703
Total due to Nonmajor Governmental Funds from other funds .....	<u>\$ 7,168</u>
Due to Water Loan Programs from:	
General Fund.....	\$ 210
Trust Lands Fund .....	47
Nonmajor Enterprise Funds .....	22
Total due to Water Loan Programs from other funds .....	<u>\$ 279</u>

Due to Nonmajor Enterprise Funds from:	
General Fund .....	\$ 721
Uniform School Fund .....	9
Transportation Fund.....	54
Trust Lands .....	43
Nonmajor Governmental Funds.....	8,997
Internal Service Funds .....	232
Total due to Nonmajor Enterprise Funds from other funds .....	<u>\$ 10,056</u>
Due to Internal Service Funds from:	
General Fund .....	\$ 26,145
Uniform School Fund .....	250
Transportation Fund.....	5,346
Nonmajor Governmental Funds.....	1,802
Nonmajor Enterprise Funds .....	591
Internal Service Funds .....	25
Fiduciary Funds .....	2
Total due to Internal Service Funds from other funds .....	<u>\$ 34,161</u>
Due to Fiduciary Funds from:	
General Fund .....	\$ 2,652
Uniform School Fund .....	74
Transportation Fund.....	271
Trust Lands .....	4
Nonmajor Governmental Funds.....	1
Nonmajor Enterprise Funds .....	109
Total due to Fiduciary Funds from other funds .....	<u>\$ 3,111</u>
Total Due to/Due froms .....	<u>\$ 139,357</u>

These balances resulted from the time lags between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur; (2) transactions are recorded in the accounting system; and (3) payments between funds are made.

**Interfund Loans**

Interfund loans at June 30, 2007, consisted of the following (in thousands):

Payable to General Fund from	
Internal Service Funds .....	\$ 33,816
Payable to Uniform School Fund from	
Internal Service Funds .....	89
Total Interfund Loans Receivable/Payable .....	<u>\$ 33,905</u>

The interfund loans receivable/payable balances consist of revolving loans with Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of \$33.816 million includes \$13.534 million that is not expected to be repaid within one year.

**NOTE 8. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007, was as follows (in thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land and Related Assets .....	\$ 795,992	\$ 57,936	\$ (4,483)	\$ 849,445
Infrastructure .....	7,702,596	190,526	(34,367)	7,858,755
Construction-In-Progress .....	803,907	718,204	(307,900)	1,214,211
Total Capital Assets not being Depreciated .....	<u>9,302,495</u>	<u>966,666</u>	<u>(346,750)</u>	<u>9,922,411</u>
Capital Assets being Depreciated:				
Buildings and Improvements .....	1,180,763	44,771	(8,865)	1,216,669
Infrastructure .....	33,298	623	—	33,921
Machinery and Equipment .....	464,259	41,482	(20,526)	485,215
Total Capital Assets being Depreciated .....	<u>1,678,320</u>	<u>86,876</u>	<u>(29,391)</u>	<u>1,735,805</u>
Less Accumulated Depreciation for:				
Buildings and Improvements .....	(399,310)	(33,363)	5,490	(427,183)
Infrastructure .....	(7,402)	(1,403)	—	(8,805)
Machinery and Equipment .....	(326,836)	(33,712)	17,181	(343,367)
Total Accumulated Depreciation .....	<u>(733,548)</u>	<u>(68,478)</u>	<u>22,671</u>	<u>(779,355)</u>
Total Capital Assets being Depreciated, Net .....	<u>944,772</u>	<u>18,398</u>	<u>(6,720)</u>	<u>956,450</u>
Capital Assets, Net .....	<u>\$10,247,267</u>	<u>\$ 985,064</u>	<u>\$ (353,470)</u>	<u>\$10,878,861</u>
<b>Business-type Activities:</b>				
Capital Assets not being Depreciated:				
Land and Related Assets .....	\$ 27,194	\$ 2,611	\$ (19,770)	\$ 10,035
Construction-In-Progress .....	889	4,456	(4,355)	990
Total Capital Assets not being Depreciated .....	<u>28,083</u>	<u>7,067</u>	<u>(24,125)</u>	<u>11,025</u>
Capital Assets being Depreciated:				
Buildings and Improvements .....	44,399	3,852	—	48,251
Infrastructure .....	204	100	—	304
Machinery and Equipment .....	14,851	955	(732)	15,074
Total Capital Assets being Depreciated .....	<u>59,454</u>	<u>4,907</u>	<u>(732)</u>	<u>63,629</u>
Less Accumulated Depreciation for:				
Buildings and Improvements .....	(9,224)	(1,245)	—	(10,469)
Infrastructure .....	(55)	(6)	—	(61)
Machinery and Equipment .....	(11,284)	(900)	522	(11,662)
Total Accumulated Depreciation .....	<u>(20,563)</u>	<u>(2,151)</u>	<u>522</u>	<u>(22,192)</u>
Total Capital Assets being Depreciated, Net .....	<u>38,891</u>	<u>2,756</u>	<u>(210)</u>	<u>41,437</u>
Capital Assets, Net .....	<u>\$ 66,974</u>	<u>\$ 9,823</u>	<u>\$ (24,335)</u>	<u>\$ 52,462</u>

Construction-in-progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities (component units) that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction-in-progress of governmental activities and “transferred” to the colleges and universities. For fiscal year 2007, \$67.362 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building “transfers” are reported as higher education expenses of governmental activities and as program revenues of component units.

Depreciation expense of governmental activities was charged to functions as follows (in thousands):

General Government .....	\$ 9,608
Human Services and Youth Corrections .....	5,063
Corrections, Adult .....	5,117
Public Safety .....	5,371
Courts .....	5,227
Health and Environmental Quality .....	2,692
Employment and Family Services .....	1,876
Natural Resources .....	6,830
Community and Culture .....	476
Business, Labor, and Agriculture .....	949
Public Education .....	513
Transportation .....	8,400
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided .....	16,356
Total .....	<u>\$ 68,478</u>

### Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands):

	<b>Utah Housing Corporation</b>	<b>Public Employees Health Program</b>	<b>University of Utah</b>	<b>Utah State University</b>	<b>Nonmajor Component Units</b>	<b>Total</b>
Capital Assets not being Depreciated:						
Land and Other Assets .....	\$ 1,472	\$ —	\$ 60,785	\$ 18,689	\$ 69,438	\$ 150,384
Construction-In-Progress .....	—	—	92,028	16,983	25,313	134,324
Total Capital Assets not being Depreciated...	<u>1,472</u>	<u>—</u>	<u>152,813</u>	<u>35,672</u>	<u>94,751</u>	<u>284,708</u>
Capital Assets being Depreciated:						
Building and Improvements .....	5,064	—	1,310,915	551,837	1,077,381	2,945,197
Infrastructure .....	—	—	156,032	—	26,390	182,422
Machinery and Equipment .....	1,509	3,157	697,820	173,245	170,724	1,046,455
Total Capital Assets being Depreciated .....	<u>6,573</u>	<u>3,157</u>	<u>2,164,767</u>	<u>725,082</u>	<u>1,274,495</u>	<u>4,174,074</u>
Less Total Accumulated Depreciation .....	<u>(1,514)</u>	<u>(2,445)</u>	<u>(1,069,148)</u>	<u>(298,180)</u>	<u>(493,333)</u>	<u>(1,864,620)</u>
Total Capital Assets being Depreciated, Net .	<u>5,059</u>	<u>712</u>	<u>1,095,619</u>	<u>426,902</u>	<u>781,162</u>	<u>2,309,454</u>
Discretely Presented Component Units –						
Capital Assets, Net .....	<u>\$ 6,531</u>	<u>\$ 712</u>	<u>\$ 1,248,432</u>	<u>\$ 462,574</u>	<u>\$ 875,913</u>	<u>\$ 2,594,162</u>

The State had long-term construction project commitments totaling \$ 243.257 million at June 30, 2007. The following construction projects have remaining commitments and represent reservations of fund balance in the Capital Projects Funds (nonmajor governmental funds):

**Capital Projects Fund**  
**Construction Project Commitments**  
*(Expressed in Thousands)*

<b>Project</b>	<b>Description</b>	<b>Remaining Construction Commitment</b>
02156050	State Capitol Restoration	\$ 38,688
05225750	U of U – Hospital Expansion	29,086
05027810	WSU – Humanities Building / Chilled Water Plant Design	24,296
05188790	UVSC – Digital Learning Center	21,997
02032750	U of U – Marriott Library Renovation	18,293
06041110	CUCF New 192 Bed Expansion	13,648
03215810	WSU – Student Union Renovation	12,967
05050640	Dixie – Health Sciences Building	11,280
05196750	U of U – New Humanities Building	10,255
03180520	Midway Fish Hatchery	6,946
01283770	USU – Sant Engineering Innovation Building	6,516
02243750	U of U – New Museum of Natural History	5,888
05049730	SUU – Teacher Education Center	4,163
04030750	U of U Sutton Geology and Geophysics Building	4,037
05025110	CUCF – New 288 Bed Facility	2,284
05222300	Monument Valley Health Clinic	1,825
06163660	SLCC – RRC Utility Tunnel	1,719
04141680	SLCC – Jordan Campus Health Sciences Building	1,650
06034900	Clearfield DOT Maintenance Station	1,435
05289770	USU – Romney Stadium Phase II End Zone	1,155
06187310	Heber Wells Space Enclosure	1,133
—	All Others	23,996
	Total Commitments	<u>\$ 243,257</u>

**NOTE 9. LEASE COMMITMENTS**

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If an appropriation is reasonably assured, leases are considered noncancellable for financial reporting purposes.

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed.

On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The primary government's capital lease payments were \$1.416 million in principal and \$1.132 million in interest for fiscal year 2007. As of June 30, 2007, the historical cost of the primary government's assets acquired through capital leases was \$26.257 million of which

\$24.719 million was buildings and \$1.538 million was equipment and other depreciable assets. As of June 30, 2007, the accumulated depreciation of the primary government's assets acquired through capital leases was \$9.649 million of which \$9.017 million was buildings and \$632 thousand was equipment and other depreciable assets.

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

Operating lease expenditures for fiscal year 2007 were \$19.995 million for the primary government and \$32.445 million for component units. For fiscal year 2006, the operating lease expenditures were \$26.206 million for the primary government and \$30.931 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2007, were as follows:

**Future Minimum Lease Commitments**  
(Expressed in Thousands)

Fiscal Year	Operating Leases			Capital Leases		
	Primary Government	Component Units	Total	Primary Government	Component Units	Total
2008.....	\$ 20,237	\$ 34,860	\$ 55,097	\$ 2,612	\$ 14,928	\$ 17,540
2009.....	16,944	32,015	48,959	2,186	18,044	20,230
2010.....	11,958	27,097	39,055	2,246	9,872	12,118
2011.....	8,841	24,119	32,960	1,888	7,429	9,317
2012.....	5,503	21,350	26,853	1,567	5,713	7,280
2013–2017.....	12,596	83,932	96,528	7,254	14,156	21,410
2018–2022.....	4,326	78,028	82,354	6,785	9,023	15,808
2023–2027.....	872	8,679	9,551	1,450	3,521	4,971
2028–2032.....	—	460	460	—	—	—
Total Future Minimum Lease Payments	<u>\$ 81,277</u>	<u>\$ 310,540</u>	<u>\$ 391,817</u>	<u>25,988</u>	<u>82,686</u>	<u>108,674</u>
Less Amounts Representing Interest .....				<u>(7,760)</u>	<u>(15,992)</u>	<u>(23,752)</u>
Present Value of Future Minimum Lease Payments .....				<u>\$ 18,228</u>	<u>\$ 66,694</u>	<u>\$ 84,922</u>



**NOTE 10. LONG-TERM LIABILITIES****A. Changes in Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2007, are presented in the following schedule. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

**Long-term Liabilities**  
(Expressed in Thousands)

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities</b>					
General Obligation Bonds .....	\$ 1,377,390	\$ —	\$ (140,220)	\$ 1,237,170	\$ 150,660
State Building Ownership Authority					
Lease Revenue Bonds .....	293,226	—	(19,688)	273,538	17,268
Net Unamortized Premiums .....	83,347	—	(16,766)	66,581	—
Deferred Amount on Refunding .....	(21,546)	—	3,814	(17,732)	—
Capital Leases (Note 9) .....	19,644	—	(1,416)	18,228	1,590
Contracts Payable .....	7,936	—	(995)	6,941	1,043
Compensated Absences (Notes 1 and 17) .....	148,762	98,431	(61,563)	185,630	68,338
Claims .....	46,725	9,765	(11,735)	44,755	11,929
Arbitrage Liability (Note 1) .....	—	109	—	109	—
Total Governmental Long-term Liabilities .....	<u>\$ 1,955,484</u>	<u>\$ 108,305</u>	<u>\$ (248,569)</u>	<u>\$ 1,815,220</u>	<u>\$ 250,828</u>
<b>Business-type Activities</b>					
Revenue Bonds .....	\$ 2,138,085	\$ —	\$ (430)	\$ 2,137,655	\$ 72,145
State Building Ownership Authority					
Lease Revenue Bonds .....	37,814	—	(1,262)	36,552	1,687
Net Unamortized Premiums .....	988	—	(109)	879	—
Deferred Amount on Refunding .....	(415)	—	50	(365)	—
Claims and Uninsured Liabilities .....	4,960	97,410	(97,692)	4,678	3,354
Arbitrage Liability (Note 1) .....	67,845	4,917	(275)	72,487	161
Total Business-type Long-term Liabilities .....	<u>\$ 2,249,277</u>	<u>\$ 102,327</u>	<u>\$ (99,718)</u>	<u>\$ 2,251,886</u>	<u>\$ 77,347</u>
<b>Component Units</b>					
Revenue Bonds .....	\$ 1,867,546	\$ 527,658	\$ (280,121)	\$ 2,115,083	\$ 142,160
Net Unamortized Premiums/(Discounts) .....	(110)	2,193	(129)	1,954	(63)
Capital Leases/Contracts Payable (Notes 9 and 10) .....	98,459	21,511	(47,175)	72,795	13,355
Notes Payable .....	142,694	8,933	(112,978)	38,649	3,117
Claims .....	125,793	559,392	(561,906)	123,279	70,193
Leave/Termination Benefits (Note 1) .....	79,677	57,452	(45,273)	91,856	22,561
Total Component Unit Long-term Liabilities .....	<u>\$ 2,314,059</u>	<u>\$ 1,177,139</u>	<u>\$ (1,047,582)</u>	<u>\$ 2,443,616</u>	<u>\$ 251,323</u>

Compensated absences of governmental activities are liquidated in the General Fund, Uniform School Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund.

**B. General Obligation Bonds**

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt

service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2007, the State had \$126.206 million and \$1.132 billion of authorized but unissued general obligation building and highway bond authorizations remaining, respectively.

General obligation bonds payable consist of the following:

**General Obligation Bonds Payable**  
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2007
1997 A–E Highway/Capital Facility Issue .....	07/01/97	2001–2007	4.80% to 5.50%	\$ 200,000	\$ 10,500
1997 F Highway Issue.....	08/01/97	2001–2007	5.00% to 5.50%	\$ 205,000	17,375
1998 A Highway/Capital Facility Issue.....	07/07/98	2001–2008	5.00%	\$ 265,000	36,475
2001 B Highway/Capital Facility Issue.....	07/02/01	2004–2009	4.50%	\$ 348,000	108,425
2002 A Highway/Capital Facility Issue.....	06/27/02	2003–2011	3.00% to 5.25%	\$ 281,200	74,175
2002 B Refunding Issue.....	07/31/02	2004–2012	3.00% to 5.38%	\$ 253,100	250,700
2003 A Highway/Capital Facility Issue.....	06/26/03	2005–2013	2.00% to 5.00%	\$ 407,405	306,250
2004 A Refunding Issue.....	03/02/04	2010–2016	4.00% to 5.00%	\$ 314,775	314,775
2004 B Highway/Capital Facility Issue.....	07/01/04	2005–2019	4.75% to 5.00%	\$ 140,635	118,495
Total General Obligation Bonds Outstanding .....					1,237,170
Plus Unamortized Bond Premium .....					63,139
Less Deferred Amount on Refunding .....					(16,286)
Total General Obligation Bonds Payable.....					<u>\$ 1,284,023</u>

**General Obligation Bond Issues**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years Ended June 30**  
(Expressed in Thousands)

Fiscal Year	Principal						
	1997 A–E Highway/Capital Facility	1997 F Highway Bonds	1998 A Highway/Capital Facility	2001 B Highway/Capital Facility	2002 A Highway/Capital Facility	2002 B Refunding Bonds	2003 A Highway/Capital Facility
2008 .....	\$ 10,500	\$ 17,375	\$ 17,750	\$ 34,650	\$ 50,575	\$ 120	\$ 12,825
2009 .....	—	—	18,725	36,125	5,525	29,455	59,300
2010 .....	—	—	—	37,650	5,750	50,835	61,125
2011 .....	—	—	—	—	6,000	53,670	50,025
2012 .....	—	—	—	—	6,325	56,705	15,100
2013–2017 ....	—	—	—	—	—	59,915	107,875
2018–2022 ....	—	—	—	—	—	—	—
Total .....	<u>\$ 10,500</u>	<u>\$ 17,375</u>	<u>\$ 36,475</u>	<u>\$ 108,425</u>	<u>\$ 74,175</u>	<u>\$ 250,700</u>	<u>\$ 306,250</u>

Continues Below

Fiscal Year	Principal				
	2004 A Refunding Bonds	2004 B Highway/Capital Facility	Total Principal Required	Interest Required	Total Amount Required
2008 .....	\$ —	\$ 6,865	\$ 150,660	\$ 53,100	\$ 203,760
2009 .....	—	9,970	159,100	45,845	204,945
2010 .....	—	11,180	166,540	37,897	204,437
2011 .....	39,310	25,755	174,760	29,350	204,110
2012 .....	40,830	30,600	149,560	22,052	171,612
2013–2017 ....	234,635	19,750	422,175	39,281	461,456
2018–2022 ....	—	14,375	14,375	743	15,118
Total .....	<u>\$ 314,775</u>	<u>\$ 118,495</u>	<u>\$ 1,237,170</u>	<u>\$ 228,268</u>	<u>\$ 1,465,438</u>

**C. Revenue Bonds**

Revenue bonds payable consists of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Program, the Utah Housing Corporation, and the various colleges and universities. These bonds are not considered general obligations of the State.

**Governmental Activities**

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities and repayment is made from lease income. The outstanding bonds payable at June 30, 2007, are reported as a long-term liability of the governmental activities, except for \$36.034 million and \$990 thousand which are reported in the Alcoholic Beverage Control Fund, and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide statement of net assets.

During fiscal year 2007, the average interest rate for the SBOA Series 2001 C variable rate demand lease revenue bonds was 3.64 percent, there is no stated minimum rate, but the maximum rate is 12 percent. The rate on the bond is reset weekly by the remarketing agent and fluctuates with the general changes in interest rates and the demand for these particular securities. In the applicable debt service requirements to maturity schedule, the interest rate used to project debt service requirements was 3.73 percent, which was the rate in effect at yearend.

Revenue bonds payable consist of the following:

**Revenue Bonds Payable – Component Units**  
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2007
Utah Housing Corporation Issues .....	1985–2007	2007–2050	Variable and 1.50 % to 9.00 %	\$ 2,775,938	\$ 1,599,545
Colleges and Universities Revenue Bonds .....	1987–2007	2007–2035	Variable and 1.90 % to 6.75 %	\$ 742,910	515,538
Total Revenue Bonds Outstanding .....					2,115,083
Colleges and Universities Less Unamortized Bond Premium .....					1,954
Total Revenue Bonds Payable .....					<u>\$ 2,117,037</u>

**Business-type Activities**

The Utah State Board of Regents Student Loan Purchase Program bonds were issued to provide funds for student loans and are secured by all assets of the Board of Regents Revenue Bond Funds and by the revenues and receipts derived from such assets. The Board of Regents has also issued a revenue bond for an office facility secured by funds within the Board of Regents budget that would otherwise be expended for rent.

The Student Assistance Programs have \$391.635 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent. The Programs also have adjustable rate bonds that are set by an auction procedure every 28 days in the amount of \$847.1 million and \$859.725 million of bonds that are auctioned every 35 days.

**Discrete Component Units**

The Utah Housing Corporation bonds were issued to provide sources of capital for making housing loans to persons of low or moderate income. The bonds are secured by mortgages, and repayments are made from the mortgage payments.

The colleges and universities issue bonds for various purposes, including student housing, special events centers, and student union centers. The bonds are secured by the related assets, student building fees, and other income of certain college activities.

**Revenue Bonds Payable – Primary Government**  
(Expressed in Thousands)

<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2007</b>
<b>Governmental Activities</b>					
SBOA Lease Revenue Bonds:					
Series 1992 A .....	07/15/92	1993–2011	5.30% to 5.75%	\$ 26,200	\$ 9,760
Series 1992 B .....	07/15/92	1994–2011	4.00% to 6.00%	\$ 1,380	530
Series 1993 A .....	12/01/93	1995–2013	4.50% to 5.25%	\$ 6,230	2,615
Series 1998 A .....	07/01/98	1999–2008	3.75% to 5.00%	\$ 24,885	740
Series 1998 C .....	08/15/98	2000–2019	3.80% to 5.50%	\$ 101,557	96,170
Series 1999 A .....	08/01/99	2001–2009	5.25%	\$ 6,960	565
Series 2001 A .....	11/21/01	2005–2021	4.00% to 5.00%	\$ 69,850	61,550
Series 2001 B .....	11/21/01	2002–2024	3.00% to 5.75%	\$ 14,240	12,740
Series 2001 C .....	11/21/01	2005–2022	variable	\$ 30,300	30,300
Series 2003 .....	12/30/03	2005–2025	2.00% to 5.00%	\$ 20,820	18,610
Series 2004 A .....	10/26/04	2005–2027	3.00% to 5.25%	\$ 32,458	31,433
Series 2004 B .....	10/26/04	2005–2013	3.00% to 5.00%	\$ 8,920	8,525
Total Lease Revenue Bonds Outstanding..					273,538
Plus Unamortized Bond Premium .....					3,442
Less Deferred Amount on Refunding .....					(1,446)
Total Lease Revenue Bonds Payable.....					<u>\$ 275,534</u>
<b>Business-type Activities</b>					
Student Assistance Programs:					
Series 1988 and 1993 Board of Regents Student Loan Indentures.....	1988–2006	1998–2046	Variable and 4.45 % to 6.00 %	\$ 2,181,050	\$ 2,127,725
Office Facility Bond Fund.....	2002, 2004	2003–2024	3.00 % to 5.13 %	\$ 11,780	9,930
Total Revenue Bonds Outstanding .....					2,137,655
Plus Unamortized Bond Premium .....					42
Total Revenue Bonds Payable .....					<u>\$ 2,137,697</u>
SBOA Lease Revenue Bonds:					
Series 1997 A .....	12/01/97	1999–2008	4.60% to 4.70%	\$ 4,150	\$ 195
Series 1998 A .....	07/01/98	1999–2008	4.40% to 5.00%	\$ 825	35
Series 1998 C .....	08/15/98	2000–2019	3.80% to 5.50%	\$ 3,543	3,455
Series 1999 A .....	08/01/99	2001–2009	5.25%	\$ 2,495	220
Series 2001 B .....	11/21/01	2004–2023	3.25% to 5.25%	\$ 11,540	9,920
Series 2003 .....	12/30/03	2005–2025	2.00% to 5.00%	\$ 1,905	1,695
Series 2004 A .....	10/26/04	2005–2025	3.00% to 5.25%	\$ 13,347	12,677
Series 2006 A .....	01/10/06	2006–2027	3.50% to 5.00%	\$ 8,355	8,355
Total Lease Revenue Bonds Outstanding..					36,552
Plus Unamortized Bond Premium .....					837
Less Deferred Amount on Refunding .....					(365)
Total Lease Revenue Bonds Payable.....					<u>\$ 37,024</u>
Total Lease Revenue/ Revenue Bonds Payable .....					<u>\$ 2,174,721</u>

**Revenue Bond Issues – Primary Government**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years Ended June 30**  
*(Expressed in Thousands)*

Fiscal Year	Principal							
	Student Assistance Programs	1992 A Utah State Building Ownership Authority	1992 B Utah State Building Ownership Authority	1993 A Utah State Building Ownership Authority	1997 A Utah State Building Ownership Authority	1998A Utah State Building Ownership Authority	1998C Utah State Building Ownership Authority	1999A Utah State Building Ownership Authority
2008.....	\$ 72,145	\$ 1,735	\$ 95	\$ 380	\$ 195	\$ 775	\$ 7,500	\$ 380
2009.....	5,355	1,835	100	400	—	—	7,895	405
2010.....	76,610	1,945	105	425	—	—	8,330	—
2011.....	510	2,060	110	445	—	—	8,810	—
2012.....	535	2,185	120	470	—	—	8,740	—
2013–2017.....	28,060	—	—	495	—	—	47,450	—
2018–2022.....	3,895	—	—	—	—	—	10,900	—
2023–2027.....	135,535	—	—	—	—	—	—	—
2028–2032.....	181,055	—	—	—	—	—	—	—
2033–2037.....	370,100	—	—	—	—	—	—	—
2038–2042.....	668,855	—	—	—	—	—	—	—
2043–2047.....	595,000	—	—	—	—	—	—	—
Total.....	<u>\$2,137,655</u>	<u>\$ 9,760</u>	<u>\$ 530</u>	<u>\$ 2,615</u>	<u>\$ 195</u>	<u>\$ 775</u>	<u>\$ 99,625</u>	<u>\$ 785</u>

Continues Below

Fiscal Year	Principal						
	2001 A Utah State Building Ownership Authority	2001 B Utah State Building Ownership Authority	2001 C Utah State Building Ownership Authority	2003 Utah State Building Ownership Authority	2004 A Utah State Building Ownership Authority	2004B Utah State Building Ownership Authority	2006A Utah State Building Ownership Authority
2008.....	\$ 3,250	\$ 965	\$ —	\$ 1,210	\$ 895	\$ 1,295	\$ 280
2009.....	3,375	1,005	—	1,240	1,930	1,340	290
2010.....	3,500	1,055	—	1,275	2,405	1,380	300
2011.....	3,650	1,090	—	1,325	2,550	1,455	315
2012.....	3,800	1,135	—	1,375	2,665	1,500	325
2013–2017.....	22,025	6,415	—	4,990	15,475	1,555	1,825
2018–2022.....	21,950	8,100	30,300	5,335	10,800	—	2,230
2023–2027.....	—	2,895	—	3,555	7,390	—	2,790
2028–2032.....	—	—	—	—	—	—	—
2033–2037.....	—	—	—	—	—	—	—
2038–2042.....	—	—	—	—	—	—	—
2043–2047.....	—	—	—	—	—	—	—
Total.....	<u>\$ 61,550</u>	<u>\$ 22,660</u>	<u>\$ 30,300</u>	<u>\$ 20,305</u>	<u>\$ 44,110</u>	<u>\$ 8,525</u>	<u>\$ 8,355</u>

Continues Below

**Revenue Bond Issues – Primary Government (continued)**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years Ended June 30**  
*(Expressed in Thousands)*

<b>Fiscal Year</b>	<b>Total Principal Required</b>	<b>Interest Required</b>	<b>Total Amount Required</b>
2008 .....	\$ 91,100	\$ 113,100	\$ 204,200
2009 .....	25,170	109,716	134,886
2010 .....	97,330	107,839	205,169
2011.....	22,320	104,423	126,743
2012 .....	22,850	103,303	126,153
2013–2017 .....	128,290	497,294	625,584
2018–2022 .....	93,510	472,054	565,564
2023–2027 .....	152,165	444,873	597,038
2028–2032 .....	181,055	407,416	588,471
2033–2037 .....	370,100	348,696	718,796
2038–2042 .....	668,855	234,501	903,356
2043–2047 .....	595,000	109,132	704,132
Total .....	<u>\$2,447,745</u>	<u>\$3,052,347</u>	<u>\$ 5,500,092</u>

**Revenue Bond Issues – Component Units**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years Ended June 30**  
*(Expressed in Thousands)*

<b>Fiscal Year</b>	<b>Principal</b>				<b>Total Principal Required</b>	<b>Interest Required</b>	<b>Total Amount Required</b>
	<b>Utah Housing Corporation</b>	<b>University of Utah</b>	<b>Utah State University</b>	<b>Nonmajor Component Units</b>			
2008 .....	\$ 122,274	\$ 11,612	\$ 3,178	\$ 5,096	\$ 142,160	\$ 94,192	\$ 236,352
2009 .....	37,757	12,334	3,319	5,459	58,869	94,221	153,090
2010 .....	40,569	12,953	3,462	5,725	62,709	91,165	153,874
2011.....	40,715	14,724	3,629	5,257	64,325	88,220	152,545
2012 .....	39,507	13,358	3,792	6,163	62,820	85,192	148,012
2013–2017 .....	182,230	69,848	20,445	21,080	293,603	382,155	675,758
2018–2022 .....	179,845	68,327	12,710	17,752	278,634	312,003	590,637
2023–2027 .....	243,540	70,188	12,280	10,835	336,843	237,023	573,866
2028–2032 .....	328,424	71,757	11,765	9,930	421,876	146,310	568,186
2033–2037 .....	284,627	—	8,560	—	293,187	54,113	347,300
2038–2042 .....	66,726	—	—	—	66,726	15,380	82,106
2043–2047 .....	25,421	—	—	—	25,421	5,240	30,661
2048–2052 .....	7,910	—	—	—	7,910	876	8,786
Total .....	<u>\$ 1,599,545</u>	<u>\$ 345,101</u>	<u>\$ 83,140</u>	<u>\$ 87,297</u>	<u>\$ 2,115,083</u>	<u>\$ 1,606,090</u>	<u>\$ 3,721,173</u>

**D. Conduit Debt Obligations**

Of the Utah Housing Corporation (component unit) bonds outstanding, \$305.578 million were issued as multi-family purchase bonds. Of those bonds, \$303.888 million are conduit debt obligations issued on behalf of third parties. The Corporation is not obligated in any manner for repayment of the conduit debt. However, in accordance with the Corporation's accounting policies, the conduit debt is reported in the Corporation's financial statements.

In 1985, the State Board of Regents authorized the University of Utah (component unit) to issue Variable Rate Demand Industrial Development Bonds for the Salt Lake City Marriott University Park Hotel separate from the University. The bonds are payable solely from revenues of the hotel. The bonds do not constitute a debt or pledge of the faith and credit of the University of Utah or the State and, accordingly, have not been reported in the accompanying financial statements. The outstanding balance of the bonds at June 30, 2007, is \$6.035 million.

**E. Demand Bonds**

- The Utah State Building Ownership Authority (SBOA) issued \$30.3 million Series 2001 C variable rate demand lease revenue bonds. The bonds are subject to purchase upon not less than seven days notice of tender from the bondholder or in case the bonds cannot be remarketed. The remarketing agent is paid a fee of 5 basis points of the bonds outstanding on a quarterly basis.

In the case that the bonds cannot be remarketed, the SBOA has an irrevocable direct-pay letter of credit with Landesbank Hessen-Thüringen Girozentrale (Helaba) acting through its New York Branch in the amount of \$30.828 million, which is an amount sufficient to pay principal and 53 days of accrued interest at 12 percent. In consideration for the letter of credit, Helaba receives a fee of 18.5 basis points paid on a quarterly basis. The letter of credit expires on December 31, 2015, and as of June 30, 2007, the SBOA has not had to draw any funds for bondholder tenders or a failed remarketing.

The letter of credit also has a take-out agreement for the bonds that allows the SBOA to pay the bonds that Helaba holds (bank bonds) over a five-year period in approximately equal payments. The rate in effect for bank bonds for the first 90 days is the base rate, which is the higher of the Federal Funds rate plus 50 basis points or the Prime Rate, up to a maximum of 12 percent per annum. The interest rate for bank bonds held longer than 90 days is the base rate plus 2 percent. If the take-out agreement were in effect and assuming all the bonds were not remarketed, the SBOA would pay debt service of \$8.406 million a year for five years, based on the maximum rate.

- The Student Loan Purchase Program had \$391.635 million of demand bonds outstanding at June 30, 2007, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on seven days notice and delivery to the Board's remarketing agent.

In the event bonds cannot be remarketed, the Board has standby bond purchase agreements and a letter of credit

agreement sufficient to pay the purchase price of bonds delivered to it. The Board pays quarterly fees to maintain the standby bond purchase agreements and letter of credit on the demand bonds.

An unused irrevocable direct-pay letter of credit expiring November 15, 2011, in the amount of \$37.462 million supports the Series 1993 A bonds of \$35 million. Standby bond purchase agreements of \$25.336 million expiring November 20, 2013 to support the Series 1988 C bonds of \$25 million, \$85.294 million expiring November 16, 2025 to support the Series 1995 L bonds of \$79.5 million, \$108.42 million expiring April 29, 2025 to support the Series 1996 Q and 1997 R bonds of \$101.055 million and \$158.753 million expiring February 11, 2024 to support the 2005 Series W and X bonds of \$151.08 million. As of June 30, 2007, the Board had not drawn any funds under the standby bond purchase agreements or the letter of credit.

- The Utah Housing Corporation (component unit) had \$761.32 million of bonds outstanding at June 30, 2007, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on delivery to the remarketing agent.

In the event the variable rate bonds cannot be remarketed, the Corporation has entered into various irrevocable Standby Bond Purchase Agreements (Liquidity Facility) with five different banks totaling \$960 million. These Agreements provide that these institutions will provide funds to purchase the variable rate bonds that have been tendered and not remarketed. These liquidity providers receive a fee ranging from 12.5 to 17.5 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. The Corporation has not drawn on any of the facilities to date.

- The University of Utah (component unit) Series 1997 A bonds in the amount of \$12 million currently bear interest at a weekly rate in accordance with bond provisions. When a weekly rate is in effect, the bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the University's tender agent. If the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable standby bond purchase agreement to pay the purchase price of the bonds delivered to it. The standby bond purchase agreement is with J.P. Morgan Chase Bank and is valid through July 30, 2010. No funds have been drawn against the standby bond purchase agreement. The interest requirement for the Series 1997 A Bonds is calculated using an interest rate of 3.73 percent, which is the rate in effect as of June 30, 2007.

The University's Hospital Revenue Bonds Series 2006 B in the amount of \$20.24 million currently bear interest at a daily rate in accordance with the bond provisions. When a daily rate is in effect, these bonds are also subject to purchase on the demand of the holder at a price equal to principal plus accrued interest. The University's remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to this same amount plus accrued interest. If the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable standby bond purchase agreement to pay the purchase price of the bonds delivered to it. This agreement is with DEPFA bank

and is valid through October 25, 2013. No funds have been drawn against the standby purchase agreement. The interest requirement for the bonds is calculated using an annualized interest rate of 3.9 percent which is the rate effective at June 30, 2007.

#### F. Defeased Bonds and Bond Refunding

On November 1, 2006, the Utah State Building Ownership Authority cash defeased \$2.925 million of 1998 C Lease Revenue Bonds and \$170 thousand of 1996 A Lease Revenue Bonds at a net cost of \$3.298 million. These funds were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets.

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets. At June 30, 2007, the total amount outstanding of defeased general obligation bonds was

\$570.21 million. At June 30, 2007, the total amount outstanding of defeased revenue bonds was \$21.455 million.

In prior years, component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Assets. At June 30, 2007, \$187.541 million of college and university bonds outstanding are considered defeased.

#### G. Contracts Payable

Component unit capital leases/contracts payable include \$6.101 million in life annuity contracts.

#### H. Notes Payable

The notes payable balance consists of notes issued by component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 18 years. They are secured by the related assets.

#### Notes Payable Debt Service Requirements to Maturity Component Units For Fiscal Years Ending June 30 (Expressed in Thousands)

Fiscal Year	Principal				Total Principal Required	Interest Required	Total Amount Required
	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units			
2008 .....	\$ 24	\$ 965	\$ 1,512	\$ 616	\$ 3,117	\$ 2,017	\$ 5,134
2009 .....	27	902	1,564	622	3,115	1,847	4,962
2010 .....	30	849	1,557	997	3,433	1,671	5,104
2011 .....	33	849	1,517	431	2,830	1,481	4,311
2012 .....	36	803	1,458	237	2,534	1,327	3,861
2013–2017 .....	135	4,981	6,662	621	12,399	4,610	17,009
2018–2022 .....	—	3,868	5,212	9	9,089	1,449	10,538
2023–2027 .....	—	—	2,132	—	2,132	85	2,217
Total .....	<u>\$ 285</u>	<u>\$ 13,217</u>	<u>\$ 21,614</u>	<u>\$ 3,533</u>	<u>\$ 38,649</u>	<u>\$ 14,487</u>	<u>\$ 53,136</u>



**I. Debt Service Requirements for Derivatives**

**Swap Payments and Associated Debt** — As explained in Note 3.D., Utah Housing Corporation (major component unit) had entered into 68 separate pay-fixed, receive-variable interest rate swaps and an interest rate cap agreement as of June 30, 2007. Using rates as of June 30, 2007, debt service requirements of the

Corporation's outstanding variable-rate debt and net swap payments are summarized below. As rates vary, variable-rate bond interest payments and net swap payments will vary. The principal, interest and net swap interest are included in the Component Unit debt service schedule presented on page 93 for Utah Housing Corporation.

**Utah Housing Corporation**  
**Swap Payments and Associated Debt**  
**For Fiscal Years Ending June 30**  
*(Expressed in Thousands)*

Fiscal Year	Variable Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2008 .....	\$ 14,680	\$ 27,169	\$ 3,594	\$ 45,443
2009 .....	3,170	26,512	4,673	34,355
2010 .....	3,135	26,363	4,658	34,156
2011 .....	3,150	26,217	4,634	34,001
2012 .....	2,200	26,072	4,621	32,893
2013–2017 .....	23,320	128,494	22,551	174,365
2018–2022 .....	75,475	119,775	20,262	215,512
2023–2027 .....	125,355	101,222	16,146	242,723
2028–2032 .....	225,215	68,992	8,677	302,884
2033–2037 .....	196,625	23,605	873	221,103
2038–2039 .....	18,430	833	(159)	19,104
Total .....	<u>\$ 690,755</u>	<u>\$ 575,254</u>	<u>\$ 90,530</u>	<u>\$ 1,356,539</u>

**NOTE 11. GOVERNMENTAL FUND BALANCES AND NET ASSETS RESTRICTED BY ENABLING LEGISLATION****A. Governmental Fund Balances – Reserved and Designated**

The State's reserved fund balances represent: (1) **Nonlapsing Appropriations** which include continuing appropriations or

nonlapsing funds, encumbrances for construction contracts in the capital projects funds, and limited encumbrances in the general and special revenue funds; or (2) **Restricted Purposes** which include fund balances that are legally restricted for other purposes, assets restricted by bond agreements or other external restrictions, and those portions of fund balance that are not available for appropriation or expenditure, such as loans to internal service funds. A summary of the nature and purpose of these reserves by fund type at June 30, 2007, follows:

<b>Reserved Fund Balances</b> (Expressed in Thousands)			
	<b>Nonlapsing Appropriations</b>	<b>Restricted Purposes</b>	<b>Total Reserved</b>
<b>General Fund:</b>			
Legislature .....	\$ 4,409	\$ —	\$ 4,409
Governor.....	10,010	12,615	22,625
Elected Officials .....	61,373	1	61,374
Administrative Services.....	4,902	1,495	6,397
Tax Commission.....	8,991	15,777	24,768
Human Services.....	9,313	5,524	14,837
Corrections .....	7,771	—	7,771
Public Safety.....	27,325	12,377	39,702
Courts .....	1,328	8,626	9,954
Health .....	4,689	13,494	18,183
Environmental Quality .....	747	7,995	8,742
Higher Education.....	567	—	567
Employment and Family Services .....	2,605	17,842	20,447
Natural Resources.....	18,548	22,650	41,198
Community and Culture .....	5,862	2,414	8,276
Business, Labor, and Agriculture.....	12,207	11,451	23,658
Industrial Assistance Account.....	—	32,528	32,528
Loans to Internal Service Funds .....	—	13,512	13,512
Tobacco Settlement Funds.....	—	954	954
Oil Overcharge Funds.....	—	5,826	5,826
Mineral Bonus Account.....	—	29,325	29,325
Other Purposes .....	3,313	13,234	16,547
Total .....	<u>\$ 183,960</u>	<u>\$ 227,640</u>	<u>\$ 411,600</u>
<b>Uniform School Fund:</b>			
Minimum School Program .....	\$ 42,160	\$ —	\$ 42,160
State Office of Education.....	22,104	—	22,104
School Building Program .....	—	8,870	8,870
School Land Interest.....	—	29,043	29,043
Loans to Internal Service Funds .....	—	23	23
Total .....	<u>\$ 64,264</u>	<u>\$ 37,936</u>	<u>\$ 102,200</u>
<b>Transportation Fund:</b>			
Transportation.....	\$ 20,243	\$ 8,028	\$ 28,271
Public Safety.....	—	8,818	8,818
Corridor Preservation .....	—	9,270	9,270
Aeronautical Programs .....	—	4,926	4,926
Total .....	<u>\$ 20,243</u>	<u>\$ 31,042</u>	<u>\$ 51,285</u>
<b>Transportation Investment Fund:</b>			
Centennial Highway Program.....	<u>\$ —</u>	<u>\$ 110,891</u>	<u>\$ 110,891</u>
<b>Trust Lands Fund:</b>			
Funds Held as Permanent Investments .....	<u>\$ —</u>	<u>\$ 983,881</u>	<u>\$ 983,881</u>
<b>Non-major Governmental Funds:</b>			
Capital Projects.....	\$ 243,256	\$ 130	\$ 243,386
Debt Service .....	—	5,733	5,733
Tobacco Settlement Funds.....	—	33,221	33,221
Environmental Reclamation .....	—	20,020	20,020
Other Purposes .....	—	7,990	7,990
Total .....	<u>\$ 243,256</u>	<u>\$ 67,094</u>	<u>\$ 310,350</u>

**Designated Fund Balances**  
(Expressed in Thousands)

	<b>General Fund</b>	<b>Education Fund</b>	<b>Uniform School Fund</b>	<b>Transportation Fund</b>
<b>Designated for:</b>				
Budget Reserve (Rainy Day) Account.....	\$ 170,638	\$ —	\$ —	\$ —
Education Budget Reserve Account.....	—	142,808	—	—
Disaster Recovery Account.....	33,615	—	—	—
Postemployment and Other Liabilities.....	173,848	231,070	1,672	49,787
Fiscal Year 2007 Appropriations:				
Line Item Appropriations.....	223,551	192,794	370,905	—
Industrial Assistance Account.....	1,513	—	—	—
Debt Service .....	—	—	—	—
<b>Total.....</b>	<b>\$ 603,165</b>	<b>\$ 566,672</b>	<b>\$ 372,577</b>	<b>\$ 49,787</b>

Continues Below

	<b>Transportation Investment Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Designated for:</b>			
Budget Reserve (Rainy Day) Account.....	\$ —	\$ —	\$ 170,638
Education Budget Reserve Account.....	—	—	142,808
Disaster Recovery Account.....	—	—	33,615
Postemployment and Other Liabilities.....	18,917	—	475,294
Fiscal Year 2007 Appropriations:			
Line Item Appropriations.....	—	—	787,250
Industrial Assistance Account.....	—	—	1,513
Debt Service .....	—	17,801	17,801
<b>Total.....</b>	<b>\$ 18,917</b>	<b>\$ 17,801</b>	<b>\$ 1,628,919</b>

**B. Net Assets Restricted by Enabling Legislation**

The State's net assets restricted by enabling legislation represent resources which a party external to a government—such as citizens, public interest groups, or the judiciary—can compel the government to use only for the purpose specified by the legislation.

The government-wide Statement of Net Assets reports \$4.424 billion of restricted net assets, of which \$15.382 million is restricted by enabling legislation.

**NOTE 12. DEFICIT NET ASSETS AND FUND BALANCE**

Funds reporting a deficit total net assets position at June 30, 2007, are (in thousands):

Private Purpose Trust Funds:	
Employers' Reinsurance .....	\$ (74,301)
Petroleum Storage Tank .....	\$ (32,842)

The deficit in the Employers' Reinsurance Trust represents the unfunded portion of the actuarial estimate of claims incurred. The Employers' Reinsurance Trust claims are funded from assessments on workers' compensation insurance. The Utah

Labor Commission sets the rate up to the maximum established by the Legislature to keep current revenues at a level sufficient to cover current cash disbursements. State law limits the State's liability to the cash or assets in the Employers' Reinsurance Trust only. State law also limits the Trust's liability to claims resulting from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from accidents or diseases on or after July 1, 1994, the employer or its insurance carrier is liable for resulting liabilities.

The Petroleum Storage Tank Trust covers the clean-up costs of leaks from state-approved underground petroleum storage tanks. The assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded by future revenues.

Funds/activities reporting a deficit position in the unrestricted portion of their net assets at June 30, 2007, are (in thousands):

Internal Service Funds:	
General Services.....	\$ (397)
Fleet Operations .....	\$ (11,913)

The Internal Service Funds deficits are mainly due to the significant investment in capital assets required for these operations. The deficits will be covered by future charges for services. Management may also seek rate increases to help reduce these deficits.

In addition, the Capital Projects – General Government and State Building Ownership Authority Funds (nonmajor governmental funds) reported a \$107.601 million and \$23 thousand deficit unreserved undesignated fund balance, respectively, as a result of outstanding encumbrances on various capital projects. Appropriations and bond proceeds available in the next fiscal year will fund these deficits.

### NOTE 13. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2007, are as follows (in thousands):

	Transfers In:					
	Governmental Funds					
	General Fund	Education Fund	Uniform School Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund
<b>Transfers Out:</b>						
General Fund.....	\$ —	\$ —	\$ 11,147	\$ 91,830	\$ 256,000	\$ 26
Education Fund.....	481,626	—	2,189,700	—	—	—
Uniform School Fund .....	49,053	1,054	—	—	—	—
Transportation Fund.....	36,940	—	—	—	7,684	—
Transportation Investment Fund .	—	—	—	55,000	—	—
Nonmajor Governmental Funds ..	6,409	—	—	—	—	—
Unemployment Compensation ....	5,327	—	—	—	—	—
Water Loan Programs.....	3,371	—	—	—	—	—
Nonmajor Enterprise Funds .....	66,545	—	—	—	—	28,381
<b>Total Transfers In .....</b>	<b>\$ 649,271</b>	<b>\$ 1,054</b>	<b>\$ 2,200,847</b>	<b>\$ 146,830</b>	<b>\$ 263,684</b>	<b>\$ 28,407</b>

Continues Below

	Transfers In:				
	Governmental Funds	Enterprise Funds			
	Nonmajor Governmental Funds	Water Loan Programs	Nonmajor Enterprise Funds	Internal Service Funds	Total Transfers Out
<b>Transfers Out:</b>					
General Fund.....	\$ 173,697	\$ 1,582	\$ 55,343	\$ 230	\$ 589,855
Education Fund.....	116,016	—	—	—	2,787,342
Uniform School Fund .....	—	—	—	—	50,107
Transportation Fund.....	9,684	—	—	—	54,308
Transportation Investment Fund .	127,977	—	—	—	182,977
Nonmajor Governmental Funds ..	3,574	—	—	43	10,026
Unemployment Compensation ....	—	—	—	—	5,327
Water Loan Programs.....	—	—	—	—	3,371
Nonmajor Enterprise Funds .....	—	—	—	79	95,005
<b>Total Transfers In .....</b>	<b>\$ 430,948</b>	<b>\$ 1,582</b>	<b>\$ 55,343</b>	<b>\$ 352</b>	<b>\$ 3,778,318</b>

Transfers from major governmental funds to nonmajor governmental funds are primarily for capital facility construction and debt service expenditures. Transfers from the General Fund to nonmajor enterprise funds are primarily mineral lease royalties used to make loans and grants to local governments through the Community Impact Loan Fund. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. All other transfers are made to finance various programs as authorized by the Legislature.

During fiscal year 2007, the Legislature authorized payments of \$721.005 million to the Colleges and Universities. Payments to Colleges and Universities are reported as expenditures in both the General Fund fund statements and the Governmental Activities column of the Statement of Activities. They are also reported as revenues in the Component Units column of the Statement of Activities.

**NOTE 14. LITIGATION, CONTINGENCIES, AND COMMITMENTS****A. Litigation**

The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.

- Members of the Navajo Nation allege the State of Utah has mismanaged Navajo Nation Trust Fund monies. The plaintiffs are seeking an accounting of the legitimacy of the fund's receipts and disbursements, and damages of \$142 million including interest and attorneys' fees.
- A lawsuit was filed by the Tobacco Companies against the 45 states participating in a master settlement agreement in an effort to recoup tobacco settlement payments made in prior years. The plaintiffs allege that they are entitled to a non-participating manufacturer adjustment that will allow them to take a credit against these payment obligations. The dispute is currently subject to arbitration. It is impossible to determine the potential liability; however, any settlement will be a reduction in future state tobacco receipts.
- In addition to the items above, the State is contesting other legal actions totaling over \$37.968 million plus attorneys' fees and interest and other cases where the amount of potential loss is undeterminable.

**B. Contingencies**

- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, the allowability of \$13.011 million of federal expenditures is in question. These costs will be contested with the federal agency involved, and management estimates the liability to be less than the questioned amounts. In addition, a program compliance audit by the federal government is in progress; however, an estimate of any potential disallowances on this audit and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2007, is in process and management expects proposed disallowances to be immaterial.
- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainties in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.
- The Utah Department of Transportation (UDOT) plans on seeking reimbursement from the Federal Highway Administration (FHWA) for approximately \$15 million for fiscal year 2008. The State received \$24.024 million in fiscal year 2007. The related costs were incurred by the State as a result of

the I-15 reconstruction project and were originally paid using state funds. UDOT has not recorded an accounts receivable for these future reimbursement requests because the requests are contingent upon sufficient future federal funds and federal obligation authority becoming available and future approval by the FHWA.

- The State is totally self-insured against liability claims and up to \$3.5 million in property claims. According to an actuarial study and other known factors, \$44.755 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Department of Administrative Services' Risk Management Fund (internal service fund).
- The Utah School Bond Guaranty Act (*Utah Code Annotated, 1953*, as amended, Sections 53A-28-101 to 402), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds.

In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances which suggest a local school board may not be able to pay its debt service obligations when due. The State does not expect that it will be required to advance monies for the payment of debt service on Guaranteed Bonds for any significant period of time.

Local school boards have \$2.004 billion principal amount of Guaranteed Bonds outstanding at June 30, 2007. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most of the smaller manufacturers have joined the agreement. The State received \$27.244 million from tobacco companies in fiscal year 2007 and expects to receive approximately \$45.579 million in fiscal year 2008. Annual payments will be adjusted for factors such as inflation, decreased sales volume, previously settled law suits, disputed payments, and legal fees.

**C. Commitments**

- At June 30, 2007, the Industrial Assistance Program of the General Fund had grant commitments of \$1.513 million, contingent on participating companies meeting certain performance criteria.
- Utah Retirement Systems (pension trust funds) has at its yearend December 31, 2006, committed to fund certain private equity partnerships and real estate projects for an amount of \$3.803 billion. Funding of \$2.522 billion has been provided, leaving an unfunded commitment of \$1.281 billion as of December 31, 2006, which will be funded over the next five years.
- As of June 30, 2007, the Utah Housing Corporation (major component unit) has committed to purchase mortgages under the warehouse loans and the Single-Family Mortgage Purchase Program in the amount of \$44.514 million. The Corporation has a Revolving Credit Loan with a community development company in the amount of \$2.5 million due April 30, 2008. At June 30, 2007, the outstanding balance was \$693 thousand and bears interest at a calculated LIBOR rate advance or base rate advance (7.82 percent at June 30, 2007).
- At June 30, 2007, the enterprise funds had loan commitments of approximately \$214.779 million and grant commitments of approximately \$54.344 million.
- At June 30, 2007, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with an original principal amount of approximately \$2.155 billion. Also, at June 30, 2007, the Student Assistance Programs had commitments to purchase approximately \$374.334 million in student loans and provide approximately \$11.236 million in reductions to borrower loan balances.
- At June 30, 2007, the Utah Department of Transportation had construction and other contract commitments of \$593.701 million, of which \$242.88 million is for Transportation Investment Fund (special revenue fund) projects and \$350.821 million is for Transportation Fund (special revenue fund) projects. These commitments will be funded with bonded debt and future appropriations.

**NOTE 15. JOINT VENTURE**

The Utah Communications Agency Network (UCAN) was created by the State Legislature in 1997 as an independent agency. Its purpose is to provide public safety communications services and facilities on a regional or statewide basis.

UCAN's governing board consists of ten representatives elected by the board, and five state representatives of which four are appointed by the Governor. The State has contracted to purchase communication services from UCAN to meet the needs of law enforcement officers in the Departments of Public Safety, Corrections, Natural Resources, and other smaller state agencies.

In fiscal year 1998 the State provided startup capital of \$185 thousand. UCAN receives federal funds as a subrecipient of grants awarded to the Department of Public Safety. UCAN also may receive legal counsel from the Attorney General's Office at no cost.

Contracts with state agencies are estimated to provide over 30 percent of UCAN's operating revenues.

UCAN had \$8.72 million of revenue bonds outstanding at June 30, 2007. UCAN's debt is not a legal obligation of the State; however, if UCAN cannot meet its debt service requirements, state law allows the Governor to request an appropriation to restore the debt service reserve fund to its required level or to meet any principal or interest payment deficiency. The Legislature is not required to make any such appropriation, but if made, UCAN must repay the State within 18 months. To date, UCAN has never requested any such funding from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

The Utah State Auditor's Office audits UCAN's financial statements. Copies of those statements can be obtained from UCAN's administrative office or from the Utah State Auditor's Office.

**NOTE 16. PENSION PLANS**

Eligible employees of the State are covered by one of the following retirement plans:

**A. Utah Retirement Systems**

Utah Retirement Systems (URS) was established by Section 49 of *Utah Code Annotated, 1953*, as amended. URS administers the pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2006, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for the Utah Retirement Systems (URS) within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

The URS operations are comprised of the following groups of systems and plans covering substantially all employees of the State, public education, and other political subdivisions of the State:

- The Public Employees Contributory Retirement System (Contributory System); the Public Employees Noncontributory Retirement System (Noncontributory System); and the Firefighters Retirement System (Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- The Public Safety Retirement System (Public Safety System), which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;
- The Judges Retirement System (Judges System) and the Utah Governors and Legislative Retirement Plan, which are single-

employer service employee retirement systems; and five defined contribution plans comprised of the 401(k) Plan, 457 Plan, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement.

Retirement benefits are specified by Section 49 of *Utah Code Annotated, 1953*, as amended. The retirement systems are defined-

benefit plans in which the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

#### Summary of Eligibility and Benefits

	<b>Contributory System</b>	<b>Noncontributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>	<b>Judges System</b>
Highest Average Salary	Highest 5 Years	Highest 3 Years		Highest 3 Years	Highest 2 Years
Years of Service	30 years any age	30 years any age		20 years any age	25 years any age
Required and/or Age	*20 years age 60	*25 years any age		10 years age 60	*20 years age 55
Eligible for Benefit	*10 years age 62 4 years age 65	*20 years age 60 *10 years age 62 4 years age 65		4 years age 65	10 years age 62 6 years age 70
Benefit Percent per Year of Service	1.25% to June 1975 2.00% July 1975 to present	2.00% per year	2.50% per year up to 20 years 2.00% per year over 20 years Benefit cannot exceed 70% of final average salary		5.00% first 10 years 2.25% second 10 years 1.00% over 20 years Benefit cannot exceed 75% of final average salary

\*With actuarial reductions

Former governors at age 65 receive \$1,160 per month per term. Legislators receive a benefit actuarially reduced at age 62 with ten or more years of service, or an unreduced benefit at age 65 with four or more years of service at the rate of \$25.60 per month per year of service. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the systems may leave their retirement account intact for future

benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

As a condition of participation in the systems, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Board. Employee contributions may be paid in part or in whole by the employer. Contributions in some systems are also augmented by fees or insurance premium taxes. Below is a summary of system participants.

#### Participants December 31, 2006

	<b>Non-contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Fire-fighters System</b>	<b>Judges System</b>	<b>Governors and Legislative Retirement Plan</b>
Number of participating:						
Employers.....	409	161	123	52	1	1
Members:						
Active.....	87,219	3,010	7,474	1,684	106	96
Terminated vested.....	27,273	1,448	1,469	99	10	95
Retirees and beneficiaries:						
Service benefits.....	28,154	5,852	3,449	1,013	89	223
Disability benefits.....	—	3	14	72	—	—

Employer contribution rates consist of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the members during the current year) and (2) an amount for amortization of the unfunded, or excess funded actuarial accrued liability over an open 20 year amortization period. These rates are determined using the entry age actuarial cost method with a supplemental present value and the same actuarial assumptions used to calculate the actuarial accrued liability.

The following table presents the State of Utah's actuarially determined employer contributions required and paid to URS. These amounts are equal to the annual pension costs for each of the stated years and all of these amounts were paid for each year. Accordingly, the net pension obligation (NPO) at the end of each year was zero. For the Governors and Legislative Retirement Plan, there has been no annual pension cost, required contributions, or NPO because the plan was overfunded for each of these years.

**State of Utah's Employer Contributions  
Required and Paid  
For Fiscal Years Ended June 30  
(Expressed in Thousands)**

	<b>Contributory System</b>	<b>Non- contributory System</b>	<b>Public Safety System</b>	<b>Fire- fighters System</b>	<b>Judges System</b>	<b>Total All Systems</b>
<b>Primary Government:</b>						
2007 .....	\$ 3,874	\$ 94,384	\$ 27,208	\$ 59	\$ 1,238	\$ 126,763
2006 .....	\$ 4,197	\$ 87,445	\$ 22,701	\$ 49	\$ 1,007	\$ 115,399
2005 .....	\$ 4,335	\$ 80,966	\$ 21,112	\$ 52	\$ 814	\$ 107,279
2004 .....	\$ 3,894	\$ 67,745	\$ 19,165	\$ 50	\$ 782	\$ 91,636
2003 .....	\$ 3,683	\$ 60,033	\$ 16,713	\$ 47	\$ 539	\$ 81,015
<b>Component Units:</b>						
<b>Colleges and Universities:</b>						
2007 .....	\$ 2,200	\$ 39,016	\$ 488	\$ —	\$ —	\$ 41,704
2006 .....	\$ 2,117	\$ 37,813	\$ 425	\$ —	\$ —	\$ 40,355
2005 .....	\$ 2,201	\$ 35,195	\$ 422	\$ —	\$ —	\$ 37,818
2004 .....	\$ 1,996	\$ 30,434	\$ 411	\$ —	\$ —	\$ 32,841
2003 .....	\$ 1,840	\$ 29,409	\$ 375	\$ —	\$ —	\$ 31,624
<b>Other:</b>						
2007 .....	\$ 78	\$ 2,722	\$ —	\$ —	\$ —	\$ 2,800
2006 .....	\$ 60	\$ 2,385	\$ —	\$ —	\$ —	\$ 2,445
2005 .....	\$ 59	\$ 2,273	\$ —	\$ —	\$ —	\$ 2,332
2004 .....	\$ 52	\$ 1,913	\$ —	\$ —	\$ —	\$ 1,965
2003 .....	\$ 44	\$ 1,609	\$ —	\$ —	\$ —	\$ 1,653
<b>Total Primary Government and Component Units:</b>						
2007 .....	\$ 6,152	\$ 136,122	\$ 27,696	\$ 59	\$ 1,238	\$ 171,267
2006 .....	\$ 6,374	\$ 127,643	\$ 23,126	\$ 49	\$ 1,007	\$ 158,199
2005 .....	\$ 6,595	\$ 118,434	\$ 21,534	\$ 52	\$ 814	\$ 147,429
2004 .....	\$ 5,942	\$ 100,092	\$ 19,576	\$ 50	\$ 782	\$ 126,442
2003 .....	\$ 5,567	\$ 91,051	\$ 17,088	\$ 47	\$ 539	\$ 114,292



The following schedule summarizes contribution rates in effect at December 31, 2006:

**Contribution Rates as a Percent of Covered Payroll**

<b>System</b>	<b>Member</b>	<b>Employer</b>	<b>Other</b>
Contributory.....	6.00%	7.58% – 9.73%	—
Noncontributory.....	—	11.59% – 14.22%	—
Public Safety:			
Contributory.....	10.50% – 13.74%	11.01% – 22.99%	—
Noncontributory.....	—	19.99% – 35.71%	—
Firefighters:			
Division A.....	10.84%	—	12.08%
Division B.....	8.72%	—	12.08%
Judges:			
Contributory.....	2.00%	7.79%	18.04%
Noncontributory.....	—	9.79%	18.04%
Governors and Legislative .....	—	—	—

#### Defined Contribution Plans

The 401(k), 457, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement (HRA) administered by URS, in which the State participates, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the retirement systems. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the plans at rates determined by the employers. There are 354 employers participating in the 401(k) Plan and 154 employers participating in the 457 Plan. There are 132,383 plan participants in the 401(k) Plan, 14,937 participants in the 457 Plan, 714 participants in the Roth IRA Plan, 242 participants in the Traditional IRA Plan, and 183 in the HRA.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The defined contribution plans account balances are fully vested to the participants at the time of deposit. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the deferred compensation 401(k) Plan. The State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended June 30, 2007, by employees and employers are as follows: for Primary Government, \$34.909 million and \$15.076 million; for Component

Units – Colleges and Universities, \$4.428 million and \$4.439 million; for Component Units – Other, \$977 thousand and \$615 thousand; and the combined total for all is \$40.314 million and \$20.13 million, respectively.

#### Pension Receivables and Investments

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on an amortized cost basis, which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, have determined the fair value for the individual investments. Approximately 11 percent of the net assets held in trust for the pension benefits are invested in debt securities of the U.S. Government and its instrumentalities. Of the 11 percent, approximately 3 percent are U.S. Government debt securities and 8 percent are debt securities of the U.S. Government instrumentalities. The systems and plans have no investments of any commercial or industrial organization whose market value equals 5 percent or more of the net assets held in trust for pension benefits. The principal components of the receivables and investment categories are presented below.

**Pension Receivables and Investments**  
(Expressed in Thousands)

	<b>Non- contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Fire- fighters System</b>	<b>Judges System</b>	<b>Governors and Legislative Retirement Plan</b>
Receivables:						
Member Contributions .....	\$ —	\$ 422	\$ 238	\$ 361	\$ —	\$ —
Employer Contributions .....	29,237	618	3,452	—	46	—
Court Fees and Fire Insurance Premium .....	—	—	—	—	124	—
Investments .....	213,272	15,053	26,715	10,476	1,731	164
Total Receivables .....	<u>\$ 242,509</u>	<u>\$ 16,093</u>	<u>\$ 30,405</u>	<u>\$ 10,837</u>	<u>\$ 1,901</u>	<u>\$ 164</u>
Investments:						
Debt Securities .....	\$ 3,635,115	\$ 256,560	\$ 455,339	\$ 178,550	\$ 29,499	\$ 2,800
Equity Investments .....	7,819,250	551,866	979,451	384,066	63,453	6,023
Absolute Return .....	955,173	67,414	119,647	46,917	7,751	736
Private Equity .....	640,101	45,177	80,179	31,440	5,194	493
Real Estate .....	2,655,646	187,430	332,650	130,441	21,550	2,046
Mortgage Loans .....	5,461	386	685	268	44	4
Invested Securities						
Lending Collateral .....	1,747,987	123,369	218,956	85,858	14,185	1,346
Investment Contracts .....	—	—	—	—	—	—
Total Investments .....	<u>\$ 17,458,733</u>	<u>\$ 1,232,202</u>	<u>\$ 2,186,907</u>	<u>\$ 857,540</u>	<u>\$ 141,676</u>	<u>\$ 13,448</u>

Continues Below

	<b>401(k) Plan</b>	<b>457 Plan</b>	<b>IRA Plans</b>	<b>Health Reimbursement Arrangement</b>	<b>Total December 31, 2006</b>
Receivables:					
Member Contributions .....	\$ —	\$ —	\$ —	\$ —	\$ 1,021
Employer Contributions .....	—	—	—	—	33,353
Court Fees and Fire Insurance Premium .....	—	—	—	—	124
Investments .....	48,426	3,067	—	—	318,904
Total Receivables .....	<u>\$ 48,426</u>	<u>\$ 3,067</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 353,402</u>
Investments:					
Debt Securities .....	\$ 741,381	\$ 79,540	\$ 5,837	\$ —	\$ 5,384,621
Equity Investments .....	1,568,028	161,899	10,159	—	11,544,195
Absolute Return .....	—	—	—	—	1,197,638
Private Equity .....	—	—	—	—	802,584
Real Estate .....	—	—	—	—	3,329,763
Mortgage Loans .....	—	—	—	—	6,848
Invested Securities					
Lending Collateral .....	58,796	5,204	636	—	2,256,337
Investment Contracts .....	29,800	14,118	—	—	43,918
Total Investments .....	<u>\$ 2,398,005</u>	<u>\$ 260,761</u>	<u>\$ 16,632</u>	<u>\$ 0</u>	<u>\$ 24,565,904</u>

**Actuarial Methods and Assumptions**

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2006, and calendar year 2006 activity. The actuarial accrued liability and schedule of funding progress is presented by the retirement systems for the last ten years in their separately presented financial reports based on the report generated by the latest actuarial study, conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets is based on a smoothed expected investment income rate. Investment income in excess or shortfall of the expected 8 percent return on fair value is smoothed over a five-year period with 20 percent of a

year's excess or shortfall being recognized each year, beginning with the current year. All systems use the entry age actuarial cost method and the level percent of payroll amortization method. The remaining amortization period for all systems is open group, 20 years, open period. An inflation rate of 3 percent is used for all systems. Post-retirement cost of living adjustments are non-compounding and are based on the original benefit. The adjustments are also limited to the actual CPI increase for the year with any unusual CPI increase not met carried forward to subsequent years. Below are the Schedules of Funding Progress.

**Schedules of Funding Progress**  
**By Valuation Date**  
*(Expressed in Thousands)*

	<b>Contributory System</b>	<b>Noncontributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>	<b>Judges System</b>	<b>Governors and Legislative Retirement Plan</b>
<b>Actuarial Value of Assets:</b>						
January 1, 2005.....	\$ 933,974	\$ 12,212,437	\$ 1,524,904	\$ 610,688	\$ 100,814	\$ 10,650
January 1, 2006.....	\$ 951,540	\$ 13,069,362	\$ 1,633,022	\$ 644,496	\$ 106,374	\$ 10,587
December 31, 2006.....	\$ 1,013,102	\$ 14,438,278	\$ 1,809,198	\$ 705,051	\$ 116,879	\$ 10,983
<b>Actuarial Accrued Liability (AAL):</b>						
January 1, 2005.....	\$ 1,013,836	\$ 13,235,444	\$ 1,726,785	\$ 578,891	\$ 104,210	\$ 8,727
January 1, 2006.....	\$ 1,027,309	\$ 14,018,540	\$ 1,834,452	\$ 614,359	\$ 106,962	\$ 8,974
December 31, 2006.....	\$ 1,060,414	\$ 14,980,827	\$ 1,964,009	\$ 655,264	\$ 114,018	\$ 8,922
<b>Unfunded Actuarial Accrued Liability (UAAL):</b>						
January 1, 2005.....	\$ 79,862	\$ 1,023,007	\$ 201,881	\$ (31,797)	\$ 3,396	\$ (1,923)
January 1, 2006.....	\$ 75,769	\$ 949,178	\$ 201,430	\$ (30,137)	\$ 558	\$ (1,613)
December 31, 2006.....	\$ 47,312	\$ 542,549	\$ 154,811	\$ (49,787)	\$ (2,861)	\$ (2,061)
<b>Funding Ratios:</b>						
January 1, 2005.....	92.1 %	92.3 %	88.3 %	105.5 %	96.7 %	122.0 %
January 1, 2006.....	92.6 %	93.2 %	89.0 %	104.9 %	99.5 %	118.0 %
December 31, 2006.....	95.5 %	96.4 %	92.1 %	107.6 %	102.5 %	123.1 %
<b>Annual Covered Payroll:</b>						
January 1, 2005.....	\$ 139,362	\$ 3,084,317	\$ 293,797	\$ 79,638	\$ 11,646	\$ 556
January 1, 2006.....	\$ 137,730	\$ 3,165,504	\$ 298,756	\$ 84,061	\$ 11,594	\$ 887
December 31, 2006.....	\$ 133,812	\$ 3,326,392	\$ 316,662	\$ 88,682	\$ 12,195	\$ 860
<b>UAAL as a Percent of Covered Payroll:</b>						
January 1, 2005.....	57.3 %	33.2 %	68.7 %	(39.9)%	29.2 %	(345.9)%
January 1, 2006.....	55.0 %	30.0 %	67.4 %	(35.9)%	5.1 %	(181.8)%
December 31, 2006.....	35.4 %	16.3 %	48.9 %	(56.1)%	(23.5) %	(239.7)%

## B. Teachers Insurance and Annuity Association–College Retirement Equities Fund

Teachers Insurance and Annuity Association–College Retirement Equities Fund (TIAA–CREF), privately administered defined-contribution retirement plans, provides individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the college and university (component units) to the TIAA–CREF retirement system for June 30, 2007 and 2006, were \$113.158 million and \$105.08 million, respectively.

## NOTE 17. OTHER POSTEMPLOYMENT BENEFITS

At the option of individual state agencies, employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), a single-employer defined benefit healthcare plan, as set forth in Section 67–19–14(2) of the *Utah Code*. The State administers the OPEB Plan through the State Post-Retirement Benefits Trust Fund, an irrevocable trust, as set forth in Section 67–19d–201 of the *Utah Code*. The trust fund is under the direction of a board of trustees, which consists of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Planning and Budget.

Plan assets of the State Post-Retirement Benefits Trust Fund are irrevocable and legally protected from creditors and dedicated to providing postemployment health and life insurance coverage to current and eligible future state retirees in accordance with the terms of the plan. The State Post-Retirement Benefits Trust Fund does not issue a publicly available financial report, but is included in this report of the primary government using the economic resources measurement focus and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors have determined the fair values for the individual investments.

Only state employees entitled to receive retirement benefits and hired prior to January 1, 2006, are eligible to receive postemployment health and life insurance benefits from the OPEB Plan. Upon retirement, an employee receives 25 percent of the value of their unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. The employee may exchange one day of remaining unused accumulated sick leave earned *prior* to January 1, 2006, for one month of paid health and life insurance coverage up to age 65. Regardless of the unused sick leave balance, the State will provide postemployment health and life insurance coverage for up to five years (if the employee retired in 2006) or until the employee reaches age 65. This automatic coverage provision will decline by one year each calendar year until it is completely phased out on January 1, 2011. After age 65, the

employee may use any remaining unused accumulated sick leave, earned *prior* to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. As of December 31, 2006, the date of the latest actuarial valuation, approximately 6,819 retirees and their beneficiaries were receiving state post-retirement health and life insurance benefits, and an estimated 17,126 active state employees are eligible to receive future benefits under the OPEB Plan.

The contribution requirements of employees and the State are established and may be amended by the State Legislature. For retirees that participate in the OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals that retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 2 percent to 7 percent, toward the cost of health insurance premiums. For the year ended June 30, 2007, retirees contributed \$962.471 thousand, or approximately 3.9 percent of total premiums, through their required contributions of \$7.03 to \$72.85 per month depending on the coverage (single, double, or family) and health plan selected.

The State Legislature currently plans to contribute amounts to the trust fund sufficient to fully fund the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC of \$50.433 million is 6.5 percent of annual covered payroll. There are no long-term contracts for contributions to the plan. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for fiscal year 2007 (dollar amount in thousands):

Annual required contribution/OPEB cost .....	\$ 50,433
Contributions made.....	(51,124)
Increase in net OPEB obligation (asset) .....	(691)
Net OPEB obligation (asset) – Beginning of year ..	0
Net OPEB obligation (asset) – End of year .....	<u>\$ (691)</u>

The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2007 was as follows (dollar amount in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2007	\$ 50,433	100%	\$ 0

As of December 31, 2006, the actuarial accrued liability (AAL) for benefits was \$669.617 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$669.617 million. The covered payroll (annual payroll of active employees covered by the plan) was \$748.096 million, and the ratio of the UAAL to the covered payroll was 89.51 percent. The State of Utah implemented the State Post-Retirement Benefits Trust Fund, in April 2007, after the December 31, 2006, actuarial valuation date. At the actuarial valuation date there were no trust fund assets. As of June 30, 2007, there were \$28.042 million in net assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of

events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2006, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 6 percent investment rate of return per annum (compounded annually, composed of a 3 percent inflation rate and 3 percent real rate of return), net of administrative expenses. The projected annual healthcare cost trend rate is 10 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after eleven years. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at December 31, 2006, was twenty-five years.

#### **NOTE 18. RISK MANAGEMENT AND INSURANCE**

It is the policy of the State of Utah to periodically assess the proper combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management (internal service fund) and the Public Employees Health Program (component unit). The State is the predominant participant in these programs. The Risk Management Fund manages the general property, auto/physical damage, and liability risk of the State. The Public Employees Health Program manages the health insurance and long-term disability programs of the State. The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley State College (component units) each maintain self-insurance funds to manage health care. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities.

The State has determined that the risk funds can economically and effectively manage the State's risks internally and have set aside assets for claim settlement. The risks are covered through reserves and commercial insurance for excessive losses. The State has not had any losses or settlements that exceeded the commercial excess insurance coverage for any of the last three years. The risk funds service all claims for risk of loss to which the State is exposed, including general liability, property and casualty, auto/physical damage, group medical and dental, disability, and some environmental claims. They also service the general risk claims for

all local school districts and many charter schools within the State. All funds, agencies, public schools, and public authorities of the State may participate in the State's Risk Management and Public Employees Health Programs. The risk funds allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency, public authority, or employee, based on each organization's estimated current year liability and property values. The reserve for liability losses is determined using an independent actuarial study based on past, current, and estimated loss experiences.

Risk Management and Public Employees Health Program claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation is included in this calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. The Risk Management claim liabilities reserves are reported using a discount rate of 5 percent. The Public Employees Health Program long-term disability benefit reserves are reported using a discount rate of 5.5 percent. The primary government and the discrete component units of the State paid premiums to the Public Employees Health Program of \$243.882 million and \$12.598 million, respectively, for health and life insurance coverage in fiscal year 2007. In addition, the State Department of Health paid \$36.092 million in premiums to the Public Employees Health Program for the Children's Health Insurance Program.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per Section 49-21-201 of the *Utah Code*. Employees of those state agencies who participate in the program and meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three-month waiting period and are paid 100 percent by the program. As of June 30, 2007, there are 324 state employees receiving benefits. The program is funded by paying premiums to the Public Employees Health Program (component unit), where assets are set aside for future payments. For the fiscal year ended June 30, 2007, the primary government and the discrete component units of the State paid premiums of \$4.884 million and \$110.165 thousand, respectively, for the Long-Term Disability Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley State College report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah and the University of Utah Hospital and Clinics have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by their respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances. Amounts for the current year are included below.

The following table presents the changes in claims liabilities balances (short-and long-term combined) during fiscal years ended

June 30, 2006, and June 30, 2007:

**Changes in Claims Liabilities**  
(Expressed in Thousands)

	<b>Beginning Balance</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Ending Balance</b>
Risk Management:				
2006 .....	\$ 44,673	\$ 12,758	\$ (10,706)	\$ 46,725
2007 .....	\$ 46,725	\$ 9,765	\$ (11,735)	\$ 44,755
Public Employees Health Program:				
2006 .....	\$ 107,396	\$ 515,022	\$(498,983)	\$ 123,435
2007 .....	\$ 123,435	\$ 537,009	\$(539,315)	\$ 121,129
College and University Self-Insurance:				
2006 .....	\$ 55,413	\$ 171,412	\$(168,650)	\$ 58,175
2007 .....	\$ 58,175	\$ 210,158	\$(196,602)	\$ 71,731

**NOTE 19. SUBSEQUENT EVENTS**

On July 3, 2007, the State issued \$75 million of General Obligation Bonds Series 2007. Principal on the bonds is due annually commencing July 1, 2008, through July 1, 2014. Interest rates on the bonds range from 4 to 5 percent, with a "true interest rate" of 4.01 percent after considering premium received upon the sale of the bonds. Proceeds of the bonds will be used for capital facilities and highway projects.

On July 10, 2007, the Utah State Building Ownership Authority issued \$15.38 million of Lease Revenue Bonds Series 2007A maturing May 15, 2009 through 2019, and on May 15, 2021, May 15, 2023, May 15, 2025, and May 15, 2028. Interest rates on the bonds range from 4.25 to 5 percent. Proceeds of the bonds will be used for capital facilities projects.

On October 15, 2007, the Utah State Building Ownership Authority

cash defeased \$4.515 million of 1998 C Lease Revenue Bonds at a net cost of \$4.887 million. These funds were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the defeased bonds.

Subsequent to June 30, 2007, Utah Housing Corporation (major component unit) issued \$15.75 million Single Family Mortgage Purchase Variable Rate Bonds, 2007 Series D, maturing on January 1, 2039, interest at a variable rate adjusted weekly, and issued \$19.25 million Single Family Mortgage Purchase Fixed Rate Bonds, 2007 Series D, maturing on July 1, 2017 and 2036, and on January 1, 2028 and 2033, interest rates of 5.15 percent to 6.39 percent. The Corporation also issued \$8.75 million Single Family Mortgage Purchase Variable Rate Bonds, 2007 Series E, maturing on January 1, 2039, interest at a variable rate adjusted weekly, and issued \$26.25 million Single Family Mortgage Purchase Fixed Rate Bonds, 2007 Series E, maturing on July 1, 2017 and on January 1, 2028, 2036, and 2039, interest rate of 5.20 percent to 5.35 percent.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**State of Utah****Budgetary Comparison Schedule  
General Fund**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Sales Tax .....	\$ 1,652,908	\$ 1,806,500	\$ 1,857,813	\$ 51,313
Licenses, Permits, and Fees:				
Insurance Fees .....	5,812	6,215	5,834	(381)
Court Fees .....	5,748	6,097	4,913	(1,184)
Other Licenses, Permits, and Fees .....	8,295	9,200	9,747	547
Investment Income .....	25,000	62,500	83,505	21,005
Miscellaneous Taxes and Other:				
Beer Tax .....	7,884	7,198	8,587	1,389
Cigarette and Tobacco Tax .....	47,116	51,652	53,825	2,173
Inheritance Tax .....	—	250	498	248
Insurance Premium Tax .....	78,000	70,250	71,777	1,527
Oil, Gas, and Mining Severance Tax .....	79,000	95,400	89,034	(6,366)
Taxpayer Rebates .....	(6,580)	(5,300)	(6,164)	(864)
Court Collections .....	5,965	5,225	5,504	279
Other Taxes .....	26,104	26,597	27,833	1,236
Miscellaneous Other .....	10,376	15,516	16,720	1,204
Total General Revenues .....	<u>1,945,628</u>	<u>2,157,300</u>	<u>2,229,426</u>	<u>72,126</u>
Department Specific Revenues				
Restricted Sales Tax .....	3,150	3,912	3,912	—
Federal Contracts and Grants .....	1,935,342	1,807,128	1,807,128	—
Departmental Collections .....	281,903	288,654	292,803	4,149
Higher Education Collections .....	348,945	357,874	357,874	—
Federal Mineral Lease .....	97,206	126,680	145,985	19,305
Investment Income .....	10,168	10,920	11,505	585
Miscellaneous .....	419,319	464,091	467,097	3,006
Total Department Specific Revenues .....	<u>3,096,033</u>	<u>3,059,259</u>	<u>3,086,304</u>	<u>27,045</u>
Total Revenues .....	<u>5,041,661</u>	<u>5,216,559</u>	<u>5,315,730</u>	<u>99,171</u>
<b>Expenditures</b>				
General Government .....	350,821	345,038	244,470	100,568
Human Services and Youth Corrections .....	643,219	646,361	636,440	9,921
Corrections, Adult .....	233,118	234,011	225,998	8,013
Public Safety .....	223,772	201,515	172,066	29,449
Courts .....	121,393	121,770	118,393	3,377
Health and Environmental Quality .....	1,933,893	1,888,458	1,869,779	18,679
Higher Education – State Administration .....	111,005	49,811	49,064	747
Higher Education – Colleges and Universities .....	989,263	1,058,107	1,058,107	—
Employment and Family Services .....	330,713	414,001	411,396	2,605
Natural Resources .....	162,082	211,116	185,669	25,447
Community and Culture .....	134,253	111,097	105,185	5,912
Business, Labor, and Agriculture .....	118,529	99,523	84,783	14,740
Total Expenditures .....	<u>5,352,061</u>	<u>5,380,808</u>	<u>5,161,350</u>	<u>219,458</u>
Excess Revenues Over (Under) Expenditures .....	<u>(310,400)</u>	<u>(164,249)</u>	<u>154,380</u>	<u>318,629</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In .....	119,624	652,932	652,932	—
Transfers Out .....	(265,509)	(589,855)	(589,855)	—
Total Other Financing Sources (Uses) .....	<u>(145,885)</u>	<u>63,077</u>	<u>63,077</u>	<u>0</u>
Net Change in Fund Balance .....	(456,285)	(101,172)	217,457	318,629
Budgetary Fund Balance – Beginning .....	663,341	663,341	663,341	—
Budgetary Fund Balance – Ending .....	<u>\$ 207,056</u>	<u>\$ 562,169</u>	<u>\$ 880,798</u>	<u>\$ 318,629</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

State of Utah**Budgetary Comparison Schedule  
Education Fund**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Individual Income Tax .....	\$ 2,270,000	\$ 2,415,000	\$ 2,573,197	\$ 158,197
Corporate Tax .....	243,500	408,900	419,318	10,418
Total General Revenues .....	<u>2,513,500</u>	<u>2,823,900</u>	<u>2,992,515</u>	<u>168,615</u>
Department Specific Revenues				
Miscellaneous:				
Investment Income .....	3,675	6,029	6,009	(20)
Total Department Specific Revenues .....	<u>3,675</u>	<u>6,029</u>	<u>6,009</u>	<u>(20)</u>
Total Revenues .....	<u>2,517,175</u>	<u>2,829,929</u>	<u>2,998,524</u>	<u>168,595</u>
<b>Expenditures</b>				
Education Support .....	—	—	—	—
Total Expenditures .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess Revenues Over (Under) Expenditures .....	<u>2,517,175</u>	<u>2,829,929</u>	<u>2,998,524</u>	<u>168,595</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In .....	—	1,054	1,054	—
Transfers Out .....	—	(2,787,342)	(2,787,342)	—
Total Other Financing Sources (Uses) .....	<u>0</u>	<u>(2,786,288)</u>	<u>(2,786,288)</u>	<u>0</u>
Net Change in Fund Balance .....	2,517,175	43,641	212,236	168,595
Budgetary Fund Balance – Beginning .....	123,366	123,366	123,366	—
Budgetary Fund Balance – Ending .....	<u>\$ 2,640,541</u>	<u>\$ 167,007</u>	<u>\$ 335,602</u>	<u>\$ 168,595</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**State of Utah****Budgetary Comparison Schedule  
Uniform School Fund**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Miscellaneous Other .....	\$ 10,500	\$ 12,600	\$ 24,256	\$ 11,656
Total General Revenues .....	10,500	12,600	24,256	11,656
Department Specific Revenues				
Federal Contracts and Grants .....	348,754	371,782	371,782	—
Departmental Collections .....	1,686	7,027	7,027	—
Miscellaneous:				
School Lunch Tax .....	16,831	23,033	23,033	—
Driver Education Fee .....	4,938	4,886	4,886	—
Investment Income .....	19,000	20,374	25,830	5,456
Other .....	4,565	5,225	5,260	35
Total Department Specific Revenues .....	395,774	432,327	437,818	5,491
Total Revenues .....	406,274	444,927	462,074	17,147
<b>Expenditures</b>				
Public Education .....	2,558,995	2,621,638	2,557,149	64,489
Total Expenditures .....	2,558,995	2,621,638	2,557,149	64,489
Excess Revenues Over (Under) Expenditures .....	(2,152,721)	(2,176,711)	(2,095,075)	81,636
<b>Other Financing Sources (Uses)</b>				
Transfers In .....	9,283	2,200,847	2,200,847	—
Transfers Out .....	(132,280)	(50,107)	(50,107)	—
Total Other Financing Sources (Uses) .....	(122,997)	2,150,740	2,150,740	0
Net Change in Fund Balance .....	(2,275,718)	(25,971)	55,665	81,636
Budgetary Fund Balance – Beginning .....	594,338	594,338	594,338	—
Budgetary Fund Balance – Ending .....	<u>\$ (1,681,380)</u>	<u>\$ 568,367</u>	<u>\$ 650,003</u>	<u>\$ 81,636</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

State of Utah**Budgetary Comparison Schedule  
Transportation Fund**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Motor Fuel Tax .....	\$ 248,000	\$ 240,700	\$ 254,676	\$ 13,976
Special Fuel Tax .....	101,500	106,600	111,150	4,550
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees .....	31,764	32,776	34,293	1,517
Proportional Registration Fees .....	12,713	13,118	14,772	1,654
Temporary Permits .....	349	360	401	41
Special Transportation Permits .....	7,167	7,395	7,823	428
Highway Use Permits .....	8,373	8,640	8,090	(550)
Motor Vehicle Control Fees .....	4,936	5,093	5,302	209
Miscellaneous .....	1,880	1,939	1,625	(314)
Investment Income .....	5,850	8,048	4,871	(3,177)
Miscellaneous Other .....	1,969	2,031	1,761	(270)
Total General Revenues .....	<u>424,501</u>	<u>426,700</u>	<u>444,764</u>	<u>18,064</u>
Department Specific Revenues				
Restricted Sales and Aviation Fuel Taxes .....	25,168	32,483	35,322	2,839
Federal Contracts and Grants .....	145,571	255,247	255,247	—
Departmental Collections .....	37,726	51,209	54,670	3,461
Federal Aeronautics .....	30,000	45,000	44,074	(926)
Investment Income .....	914	914	1,598	684
Miscellaneous .....	29,550	38,265	39,289	1,024
Total Department Specific Revenues .....	<u>268,929</u>	<u>423,118</u>	<u>430,200</u>	<u>7,082</u>
Total Revenues .....	<u>693,430</u>	<u>849,818</u>	<u>874,964</u>	<u>25,146</u>
<b>Expenditures</b>				
Transportation .....	<u>783,662</u>	<u>968,363</u>	<u>858,783</u>	<u>109,580</u>
Total Expenditures .....	<u>783,662</u>	<u>968,363</u>	<u>858,783</u>	<u>109,580</u>
Excess Revenues Over (Under) Expenditures .....	<u>(90,232)</u>	<u>(118,545)</u>	<u>16,181</u>	<u>134,726</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets .....	—	6,747	6,747	—
Transfers In .....	41,197	146,830	146,830	—
Transfers Out .....	<u>(114,090)</u>	<u>(54,308)</u>	<u>(54,308)</u>	<u>—</u>
Total Other Financing Sources (Uses) .....	<u>(72,893)</u>	<u>99,269</u>	<u>99,269</u>	<u>0</u>
Net Change in Fund Balance .....	(163,125)	(19,276)	115,450	134,726
Budgetary Fund Balance – Beginning .....	161,767	161,767	161,767	—
Budgetary Fund Balance – Ending .....	<u>\$ (1,358)</u>	<u>\$ 142,491</u>	<u>\$ 277,217</u>	<u>\$ 134,726</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**State of Utah****Budgetary Comparison Schedule  
Transportation Investment Fund**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Sales Tax .....	\$ 156,000	\$ 170,300	\$ 201,907	\$ 31,607
Motor Vehicle Registration Fees .....	22,000	21,600	22,354	754
Total General Revenues .....	178,000	191,900	224,261	32,361
Department Specific Revenues				
Federal Contracts and Grants .....	34,000	24,024	24,024	—
Investment Income .....	1,153	2,000	2,391	391
Total Department Specific Revenues .....	35,153	26,024	26,415	391
Total Revenues .....	213,153	217,924	250,676	32,752
<b>Expenditures</b>				
Transportation .....	133,012	363,982	363,982	—
Total Expenditures .....	133,012	363,982	363,982	0
Excess Revenues Over (Under) Expenditures .....	80,141	(146,058)	(113,306)	32,752
<b>Other Financing Sources (Uses)</b>				
Transfers In .....	69,595	263,684	263,684	—
Transfers Out .....	(127,977)	(182,977)	(182,977)	—
Total Other Financing Sources (Uses) .....	(58,382)	80,707	80,707	0
Net Change in Fund Balance .....	21,759	(65,351)	(32,599)	32,752
Budgetary Fund Balance – Beginning .....	143,490	143,490	143,490	—
Budgetary Fund Balance – Ending .....	\$ 165,249	\$ 78,139	\$ 110,891	\$ 32,752

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

State of Utah**Budgetary Comparison Schedule  
Budget To GAAP Reconciliation**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>General Fund</b>	<b>Education Fund</b>	<b>Uniform School Fund</b>	<b>Transportation Fund</b>	<b>Transportation Investment Fund</b>
<b>Revenues</b>					
Actual total revenues (budgetary basis) .....	\$ 5,315,730	\$ 2,998,524	\$ 462,074	\$ 874,964	\$ 250,676
Differences – Budget to GAAP:					
Intrafund revenues are budgetary revenues but are not revenues for financial reporting .....	(322,231)	—	(4,765)	(1,852)	—
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting .....	(365,025)	—	(5,041)	—	—
Change in revenue accrual for nonbudgetary Medicaid claims .....	16,833	—	—	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting .....	3,392	8,666	(828)	1,253	18,245
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	<u>\$ 4,648,699</u>	<u>\$ 3,007,190</u>	<u>\$ 451,440</u>	<u>\$ 874,365</u>	<u>\$ 268,921</u>
<b>Expenditures</b>					
Actual total expenditures (budgetary basis) .....	\$ 5,161,350	\$ —	\$ 2,557,149	\$ 858,783	\$ 363,982
Differences – Budget to GAAP:					
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting .....	(322,231)	—	(4,765)	(1,852)	—
Expenditures related to higher education and Utah Schools for the Deaf and the Blind collections are budgetary expenditures but are not expenditures for financial reporting .....	(365,025)	—	(5,041)	—	—
Certain budgetary transfers and other charges are reported as a reduction of expenditures for financial reporting .....	(15,072)	—	—	—	—
Leave/postemployment charges budgeted as expenditure when earned rather than when taken or due .....	13,788	—	(268)	(429)	—
Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute .....	24,869	—	—	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	<u>\$ 4,497,679</u>	<u>\$ 0</u>	<u>\$ 2,547,075</u>	<u>\$ 856,502</u>	<u>\$ 363,982</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING****Budgetary Presentation**

A Budgetary Comparison Schedule is presented for each of the State's major governmental funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Debt Service Fund, a nonmajor fund. The budgets are enacted through passage of *Appropriations Acts*. Budgets for specific general revenues are not adopted through an *Appropriations Act* but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2007, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (1) lapse to unrestricted balances and be available for future appropriation; (2) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (3) be nonlapsing, which means balances are reported as reservations of fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

**Budgetary Control**

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Planning and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the proposed budget is presented to the Legislature. The Legislature reviews the budget, makes changes, and prepares the annual *Appropriations Act*. The Legislature passes the *Appropriations Act* by a simple majority vote. The *Appropriations Act* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Act*. Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Act*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was overexpended by \$310 thousand. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

**Spending Limitation**

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2007, the State was \$17.228 million below the appropriations limitation. The State is currently below the fiscal year 2008 appropriations limitation by \$33.889 million.

**INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT PLAN**

The State's Other Postemployment Benefit Plan (OPEB Plan) is administered through the State Post-Retirement Benefits Trust Fund as an irrevocable trust. Assets of the trust fund are dedicated to providing post-retirement health and life insurance coverage to current and eligible future state retirees. Only state employees entitled to receive retirement benefits, and hired prior to January 1, 2006, are eligible to receive post-retirement health and life insurance benefits.

The following schedules present the State of Utah's actuarially determined funding progress and required contributions for the State Post-Retirement Benefits Trust Fund (using the projected unit credit actuarial cost method):

**Schedule of Funding Progress**  
**By Valuation Date**  
*(Expressed in Thousands)*

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2006	\$ 0	\$ 669,617	\$ 669,617	0.00 %	\$ 748,096	89.51 %

**Schedule of Employer Contributions**  
*(Expressed in Thousands)*

<u>Year Ended</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
June 30, 2007	\$ 50,433	100.00 %



**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

As allowed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). This includes infrastructure acquired prior to fiscal year 1981. Under this alternative method, referred to as the “modified approach,” infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the State.

**Roads**

UDOT uses the Pavement Management System to determine the condition of 5,777 centerline miles of state roads. The assessment is based on the Ride Index, which is a measure of ride quality on a 1 to 5 scale, with 5 representing new or nearly new pavements that provide a very smooth ride. The Ride Index is calculated from the International Roughness Index (IRI), with pavement type (asphalt or concrete) taken into account. The IRI is a mathematical statistic based on the longitudinal profile of the road.

Category	Range	Description
Very Good	4.35 – 5.00	New or nearly new pavements that provide a very smooth ride, and are mainly free of distress.
Good	3.55 – 4.34	Pavements that provide an adequate ride, and exhibit few, if any, visible signs of distress.
Fair	2.75 – 3.54	Surface defects in this category such as cracking, rutting, and raveling are affecting the ride.
Poor	1.85 – 2.74	These roadways have deteriorated to such an extent that they are in need of resurfacing and the ride is noticeably rough.
Very Poor	1.00 – 1.84	Pavements in this category are severely deteriorated, and the ride quality must be improved.

**Condition Level**

The State's established condition level is to maintain 50 percent of its roads with a rating of “fair” or better and no more than 15 percent of roads with a rating of “very poor.”

The State performs complete assessments on a calendar year basis. The following table reports the result of pavements with ratings of “fair” or better (ratings of 2.75 through 5.0) or “very poor” (ratings of 1.0 through 1.84) for the last three years:

Rating	2006	2005	2004
Fair or Better	64.5%	69.5%	74.7%
Very Poor	11.3%	6.3%	6.2%

The following table presents the State's estimated amounts needed to maintain and preserve roads at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2007	\$ 321,852	\$ 390,310
2006	\$ 240,854	\$ 366,600
2005	\$ 226,345	\$ 307,858
2004	\$ 231,214	\$ 262,741
2003	\$ 230,860	\$ 224,645

### Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,819 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 – 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 – 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 – 49	Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge.

### Condition Level

The State performs complete assessments on an annual basis ending April 1 of each year. The established condition level is to maintain 50 percent of the bridges with a rating of "good" and no more than 15 percent with a rating of "poor." The following table reports the results of the bridges assessed for the past three years:

Rating	2007	2006	2005
Good	71.0%	71.0%	71.0%
Poor	2.0%	2.0%	3.0%

The following table presents the State's estimated amounts needed to maintain and preserve bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2007	\$ 56,797	\$ 68,878
2006	\$ 42,504	\$ 64,694
2005	\$ 39,943	\$ 54,328
2004	\$ 40,803	\$ 46,366
2003	\$ 40,739	\$ 39,644

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**SUPPLEMENTARY INFORMATION**

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## **Nonmajor Governmental Funds**

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### **Tobacco Endowment Fund**

This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends on fund assets is deposited in the General Fund.

### **Environmental Reclamation**

This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

### **Crime Victim Reparation**

This fund accounts for court ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, costs of administering the fund.

### **Universal Telephone Services**

This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

### **Consumer Education Fund**

This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

### **Rural Development Fund**

This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

### **State Capitol Fund**

This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs, maintenance, and the restoration of Capitol Hill facilities and grounds. Funding is provided through private donations, fees, and legislative appropriations.

### **Miscellaneous Special Revenue**

This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

### **Capital Projects – General Government**

This fund accounts for the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

### **Capital Projects – State Building Ownership Authority (Blended Component Unit)**

This fund accounts for the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

### **Debt Service – General Government**

This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

### **Debt Service – State Building Ownership Authority (Blended Component Unit)**

This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority.

State of Utah**Combining Balance Sheet  
Nonmajor Governmental Funds**

June 30, 2007

(Expressed in Thousands)

	<b>Special Revenue</b>			
	<b>Tobacco Endowment</b>	<b>Environmental Reclamation</b>	<b>Crime Victim Reparation</b>	<b>Universal Telephone Services</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 153	\$ 1,122	\$ 1,223	\$ 7,729
Investments .....	33,068	28,947	6,937	—
Receivables:				
Accounts, net .....	9,116	1	—	—
Accrued Interest .....	—	—	—	—
Notes/Mortgages, net .....	—	—	—	—
Due From Other Funds .....	—	340	1,004	—
Due From Component Units .....	—	—	—	—
Total Assets .....	<u>\$ 42,337</u>	<u>\$ 30,410</u>	<u>\$ 9,164</u>	<u>\$ 7,729</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities .....	\$ —	\$ 240	\$ 200	\$ 578
Due To Other Funds .....	—	1	22	152
Deferred Revenue .....	9,116	1	—	—
Total Liabilities .....	<u>9,116</u>	<u>242</u>	<u>222</u>	<u>730</u>
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances .....	—	—	—	—
Specific Purposes by Statute .....	33,221	20,020	—	—
Debt Service .....	—	—	—	—
Unreserved Designated, reported in nonmajor:				
Debt Service Funds .....	—	—	—	—
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds .....	—	10,148	8,942	6,999
Capital Projects Funds .....	—	—	—	—
Total Fund Balances .....	<u>33,221</u>	<u>30,168</u>	<u>8,942</u>	<u>6,999</u>
Total Liabilities and Fund Balances .....	<u>\$ 42,337</u>	<u>\$ 30,410</u>	<u>\$ 9,164</u>	<u>\$ 7,729</u>

Special Revenue			Miscellaneous Special Revenue	Capital Projects	
Consumer Education	Rural Development	State Capitol		General Government	State Building Ownership Authority
\$ 1,397	\$ 9,057	\$ 950	\$ 5,807	\$ 147,766	\$ —
1,815	22,059	506	9,830	1,478	9,594
9	—	—	21	158	—
—	—	—	—	—	43
—	155	—	—	—	—
216	—	23	41	5,165	379
—	—	—	—	26,887	—
<u>\$ 3,437</u>	<u>\$ 31,271</u>	<u>\$ 1,479</u>	<u>\$ 15,699</u>	<u>\$ 181,454</u>	<u>\$ 10,016</u>
\$ 117	\$ 37	\$ 24	\$ 66	\$ 45,321	\$ 154
546	125	1,259	1,681	1,084	8,251
—	—	—	3,551	748	150
<u>663</u>	<u>162</u>	<u>1,283</u>	<u>5,298</u>	<u>47,153</u>	<u>8,555</u>
—	—	—	—	241,772	1,484
—	—	—	7,990	130	—
—	—	—	—	—	—
—	—	—	—	—	—
2,774	31,109	196	2,411	—	—
—	—	—	—	(107,601)	(23)
<u>2,774</u>	<u>31,109</u>	<u>196</u>	<u>10,401</u>	<u>134,301</u>	<u>1,461</u>
<u>\$ 3,437</u>	<u>\$ 31,271</u>	<u>\$ 1,479</u>	<u>\$ 15,699</u>	<u>\$ 181,454</u>	<u>\$ 10,016</u>

Continues



**State of Utah****Combining Balance Sheet  
Nonmajor Governmental Funds****Continued**

June 30, 2007

(Expressed in Thousands)

	<b>Debt Service</b>		<b>Total</b>
	<b>General</b>	<b>State Building</b>	<b>Nonmajor</b>
	<b>Government</b>	<b>Ownership</b>	<b>Governmental</b>
		<b>Authority</b>	<b>Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 48,079	\$ 3,843	\$ 227,126
Investments .....	20	2,999	117,253
Receivables:			
Accounts, net .....	—	—	9,305
Accrued Interest .....	—	3	46
Notes/Mortgages, net .....	—	—	155
Due From Other Funds .....	—	—	7,168
Due From Component Units .....	—	10,085	36,972
Total Assets .....	<u>\$ 48,099</u>	<u>\$ 16,930</u>	<u>\$ 398,025</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Liabilities .....	\$ 30,298	\$ 396	\$ 77,431
Due To Other Funds .....	—	716	13,837
Deferred Revenue .....	—	10,085	23,651
Total Liabilities .....	<u>30,298</u>	<u>11,197</u>	<u>114,919</u>
Fund Balances:			
Reserved for:			
Nonlapsing Appropriations and Encumbrances .....	—	—	243,256
Specific Purposes by Statute .....	—	—	61,361
Debt Service .....	—	5,733	5,733
Unreserved Designated, reported in nonmajor:			
Debt Service Funds .....	17,801	—	17,801
Unreserved Undesignated, reported in nonmajor:			
Special Revenue Funds .....	—	—	62,579
Capital Projects Funds .....	—	—	(107,624)
Total Fund Balances .....	<u>17,801</u>	<u>5,733</u>	<u>283,106</u>
Total Liabilities and Fund Balances .....	<u>\$ 48,099</u>	<u>\$ 16,930</u>	<u>\$ 398,025</u>

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**State of Utah****Combining Statement Of Revenues,  
Expenditures, And Changes In Fund Balances  
Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
<b>REVENUES</b>				
Taxes:				
Other Taxes .....	\$ —	\$ —	\$ —	\$ —
Total Taxes .....	0	0	0	0
Other Revenues:				
Federal Contracts and Grants .....	—	—	2,883	—
Charges for Services .....	—	5,553	7,446	6,627
Intergovernmental .....	—	—	—	—
Investment Income .....	1,179	1,905	429	—
Miscellaneous and Other .....	6,811	1,322	—	—
Total Revenues .....	7,990	8,780	10,758	6,627
<b>EXPENDITURES</b>				
Current:				
General Government .....	—	860	7,877	—
Human Services and Youth Corrections .....	—	—	—	—
Corrections, Adult .....	—	—	—	—
Public Safety .....	—	—	—	—
Courts .....	—	—	—	—
Health and Environmental Quality .....	—	4,379	—	—
Higher Education – Colleges and Universities .....	—	—	—	—
Employment and Family Services .....	—	—	—	—
Natural Resources .....	—	—	—	—
Community and Culture .....	—	—	—	—
Business, Labor, and Agriculture .....	—	2	—	6,747
Public Education .....	—	—	—	—
Transportation .....	—	—	—	—
Capital Outlay .....	—	—	—	—
Debt Service:				
Principal Retirement .....	—	—	—	—
Interest and Other Charges .....	—	—	—	—
Total Expenditures .....	0	5,241	7,877	6,747
Excess Revenues Over (Under) Expenditures .....	7,990	3,539	2,881	(120)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In .....	560	2,623	—	—
Transfers Out .....	—	(129)	(3,629)	—
Total Other Financing Sources (Uses) .....	560	2,494	(3,629)	0
Net Change in Fund Balances .....	8,550	6,033	(748)	(120)
Fund Balances – Beginning .....	24,671	24,135	9,690	7,119
Adjustments to Beginning Fund Balances .....	—	—	—	—
Fund Balances – Beginning as Adjusted .....	24,671	24,135	9,690	7,119
Fund Balances – Ending .....	\$ 33,221	\$ 30,168	\$ 8,942	\$ 6,999

Special Revenue			Miscellaneous Special Revenue	Capital Projects	
Consumer Education	Rural Development	State Capitol		General Government	State Building Ownership Authority
\$ —	\$ 7,000	\$ —	\$ 55	\$ —	\$ —
0	7,000	0	55	0	0
—	—	—	7,691	—	—
1,983	—	302	1,056	—	—
—	—	41	—	23,291	—
102	1,072	18	1,052	662	113
—	1,259	—	912	306	422
2,085	9,331	361	10,766	24,259	535
—	—	2,865	6,755	7,573	—
—	—	—	447	3,462	—
—	—	—	13	3,637	—
—	—	—	1,874	247	—
—	—	—	—	1,324	—
—	—	—	—	331	—
—	—	—	—	14,981	—
—	—	—	—	630	—
—	—	—	—	4,481	—
—	3,234	—	86	221	—
2,554	—	—	7	209	—
—	—	—	63	283	—
—	—	—	7	880	—
—	—	—	—	191,718	4,408
—	—	—	—	—	—
—	—	—	—	—	—
2,554	3,234	2,865	9,252	229,977	4,408
(469)	6,097	(2,504)	1,514	(205,718)	(3,873)
—	—	2,575	—	217,591	—
(2)	—	—	(398)	(5,868)	—
(2)	0	2,575	(398)	211,723	0
(471)	6,097	71	1,116	6,005	(3,873)
3,245	25,012	125	8,343	128,296	5,334
—	—	—	942	—	—
3,245	25,012	125	9,285	128,296	5,334
\$ 2,774	\$ 31,109	\$ 196	\$ 10,401	\$ 134,301	\$ 1,461

Continues

**State of Utah****Combining Statement Of Revenues,  
Expenditures, And Changes In Fund Balances  
Nonmajor Governmental Funds****Continued**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Debt Service</b>		<b>Total</b>
	<b>General Government</b>	<b>State Building Ownership Authority</b>	<b>Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Taxes:			
Other Taxes .....	\$ —	\$ —	\$ 7,055
Total Taxes .....	0	0	7,055
Other Revenues:			
Federal Contracts and Grants .....	—	—	10,574
Charges for Services .....	—	—	22,967
Intergovernmental .....	—	—	23,332
Investment Income .....	16	205	6,753
Miscellaneous and Other .....	—	30,003	41,035
Total Revenues .....	16	30,208	111,716
<b>EXPENDITURES</b>			
Current:			
General Government .....	—	—	25,930
Human Services and Youth Corrections .....	—	—	3,909
Corrections, Adult .....	—	—	3,650
Public Safety .....	—	—	2,121
Courts .....	—	—	1,324
Health and Environmental Quality .....	—	—	4,710
Higher Education – Colleges and Universities .....	—	—	14,981
Employment and Family Services .....	—	—	630
Natural Resources .....	—	—	4,481
Community and Culture .....	—	—	3,541
Business, Labor, and Agriculture .....	—	—	9,519
Public Education .....	—	—	346
Transportation .....	—	—	887
Capital Outlay .....	—	—	196,126
Debt Service:			
Principal Retirement .....	140,220	19,642	159,862
Interest and Other Charges .....	60,683	14,466	75,149
Total Expenditures .....	200,903	34,108	507,166
Excess Revenues Over (Under) Expenditures .....	(200,887)	(3,900)	(395,450)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In .....	204,356	3,243	430,948
Transfers Out .....	—	—	(10,026)
Total Other Financing Sources (Uses) .....	204,356	3,243	420,922
Net Change in Fund Balances .....	3,469	(657)	25,472
Fund Balances – Beginning .....	14,332	6,390	256,692
Adjustments to Beginning Fund Balances .....	—	—	942
Fund Balances – Beginning as Adjusted .....	14,332	6,390	257,634
Fund Balances – Ending .....	\$ 17,801	\$ 5,733	\$ 283,106

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**State of Utah****Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
GENERAL GOVERNMENT					
Legislature					
222	Senate .....	\$ 3,005	\$ —	\$ —	\$ 3,005
223	House .....	4,230	—	—	4,230
226	Printing .....	762	—	177	939
227	Research and General Counsel .....	7,241	—	—	7,241
228	Tax Review Commission .....	51	—	—	51
229	Constitutional Revision Commission .....	57	—	—	57
225	Fiscal Analyst .....	3,349	—	20	3,369
224	Auditor General .....	2,967	—	1	2,968
	Total Legislature .....	21,662	0	198	21,860
Elected Officials					
6	State Treasurer .....	\$ 2,647	\$ —	\$ 237	\$ 2,884
1	GOV – Administrative Office .....	6,266	51	493	6,810
3	GOV – Planning and Budget .....	4,407	—	246	4,653
4	GOV – Criminal and Juvenile Justice .....	4,412	8,448	101	12,961
—	GOV – Emergency and Contingency Fund .....	100	—	—	100
—	GOV – Incentive Funds .....	150	—	—	150
—	GOV – Economic Development Administration .....	3,522	—	—	3,522
—	GOV – Office of Tourism .....	23,160	—	111	23,271
—	GOV – Business Development .....	12,575	300	—	12,875
—	GOV – Oil Overcharge .....	2	—	—	2
—	GOV – Industrial Assistance Fund .....	1,513	—	—	1,513
—	U STAR .....	68,317	—	—	68,317
7	Attorney General .....	22,983	1,602	16,488	41,073
8	AG – Contract Attorneys .....	696	—	481	1,177
10	AG – Prosecution Council .....	630	—	102	732
11	AG – Domestic Violence .....	78	—	1	79
9	AG – Children's Justice Centers .....	2,911	179	—	3,090
5	State Auditor .....	3,545	—	1,186	4,731
	Total Elected Officials .....	157,914	10,580	19,446	187,940
Government Operations					
33	Department of Administrative Services .....	\$ 903	\$ 6	\$ —	\$ 909
34	DAS – Administrative Rules .....	477	—	—	477
35	DAS – Facilities Construction and Management .....	4,541	—	257	4,798
36	DAS – Archives .....	2,269	—	49	2,318
37	DAS – Finance .....	12,643	—	1,995	14,638
39	DAS – Post Conviction Indigent Defense Fund .....	269	—	—	269
40	DAS – Judicial Conduct Commission .....	298	—	—	298
—	DAS – Development Zone Partial Rebates .....	1,528	—	—	1,528
41	DAS – Retirement Benefits .....	178	—	—	178
42	DAS – Purchasing .....	1,570	—	85	1,655
55	Tax Commission – Administration .....	64,194	514	9,694	74,402
56	TAX – License Plates Production .....	3,403	—	2,516	5,919
57	TAX – Liquor Profit Distribution .....	4,350	—	—	4,350
—	TAX – Sales Tax on Food Distribution .....	6,000	—	—	6,000
43	Human Resource Management .....	3,851	—	296	4,147
44	Career Service Review Board .....	218	—	—	218
—	DTS Chief Information Officer .....	874	—	—	874

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 1,831	\$ —	\$ —	\$ 1,174	222
3,463	—	—	767	223
662	—	—	277	226
6,442	—	—	799	227
50	—	—	1	228
55	—	—	2	229
2,272	—	—	1,097	225
2,676	—	—	292	224
<u>17,451</u>	<u>0</u>	<u>0</u>	<u>4,409</u>	
\$ 2,326	\$ 92	\$ —	\$ 466	6
4,823	—	—	1,987	1
3,666	—	—	987	3
12,218	—	—	743	4
—	—	—	100	—
150	—	—	—	—
3,040	—	—	482	—
20,384	—	—	2,887	—
10,051	—	—	2,824	—
2	—	—	—	—
1,513	—	—	—	—
9,989	—	—	58,328	—
39,504	—	—	1,569	7
744	—	—	433	8
651	—	—	81	10
79	—	—	—	11
2,791	—	—	299	9
4,534	—	—	197	5
<u>116,465</u>	<u>92</u>	<u>0</u>	<u>71,383</u>	
\$ 837	\$ 10	—	\$ 62	33
347	—	—	130	34
4,793	5	—	—	35
2,298	—	—	20	36
10,483	—	—	4,155	37
10	9	—	250	39
239	—	—	59	40
985	—	543	—	—
—	—	—	178	41
1,607	—	—	48	42
67,481	—	1,842	5,079	55
2,390	—	—	3,529	56
4,350	—	—	—	57
617	5,000	—	383	—
3,393	68	—	686	43
212	1	—	5	44
792	—	—	82	—
				<b>Continues</b>



**State of Utah****Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund****Continued**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
GENERAL GOVERNMENT (Continued)					
—	DTS Automated Geographic Reference Center .....	2,400	95	2,643	5,138
—	DTS Technology Acquisition .....	7,000	—	122	7,122
	Total Government Operations .....	116,966	615	17,657	135,238
	Total General Government .....	\$ 296,542	\$ 11,195	\$ 37,301	\$ 345,038
HUMAN SERVICES					
97	Department of Human Services .....	\$ 10,833	\$ 5,944	\$ 3,752	\$ 20,529
99	Substance Abuse and Mental Health .....	79,750	24,292	13,466	117,508
98	Drug Court Program .....	2,082	858	75	3,015
100	Services for People with Disabilities .....	53,534	2,272	121,169	176,975
101	Recovery Services .....	12,488	31,233	4,698	48,419
102	Child and Family Services .....	98,940	43,047	12,932	154,919
18	Juvenile Justice Services .....	82,403	2,289	17,788	102,480
103	Aging and Adult Services .....	13,234	8,154	1,128	22,516
	Total Human Services .....	\$ 353,264	\$ 118,089	\$ 175,008	\$ 646,361
CORRECTIONS					
Department of Corrections					
12	Corrections – Programs and Operations .....	\$ 172,319	\$ —	\$ 4,252	\$ 176,571
13	DOC Medical Services .....	19,893	—	264	20,157
15	Jail Contracting .....	23,718	11	—	23,729
16	Jail Reimbursement .....	10,316	—	—	10,316
	Total Department of Corrections .....	226,246	11	4,516	230,773
Board of Pardons and Parole					
17	Board of Pardons and Parole .....	\$ 3,236	\$ —	\$ 2	\$ 3,238
	Total Board of Pardons and Parole .....	3,236	0	2	3,238
	Total Corrections .....	\$ 229,482	\$ 11	\$ 4,518	\$ 234,011
PUBLIC SAFETY					
Department of Public Safety					
25	Programs and Operations .....	\$ 87,174	\$ 1,095	\$ 10,522	\$ 98,791
26	Emergency Services and Homeland Security .....	10,443	23,529	185	34,157
27	Peace Officer's Standards and Training .....	3,308	—	64	3,372
28	Liquor Law Enforcement .....	1,875	—	—	1,875
29	Driver License .....	25,840	23	13	25,876
30	Highway Safety .....	982	3,255	84	4,321
	Total Department of Public Safety .....	129,622	27,902	10,868	168,392
Utah National Guard					
206	Utah National Guard Administration .....	\$ 6,485	\$ 26,112	\$ 526	\$ 33,123
	Total Utah National Guard .....	6,485	26,112	526	33,123
	Total Public Safety .....	\$ 136,107	\$ 54,014	\$ 11,394	\$ 201,515

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
3,998	—	—	1,140	—
5,722	—	—	1,400	—
110,554	5,093	2,385	17,206	
<u>\$ 244,470</u>	<u>\$ 5,185</u>	<u>\$ 2,385</u>	<u>\$ 92,998</u>	
\$ 19,976	\$ 151	\$ —	\$ 402	97
117,090	266	25	127	99
3,015	—	—	—	98
175,026	—	100	1,849	100
48,410	1	—	8	101
148,243	37	28	6,611	102
102,262	—	—	218	18
22,418	—	—	98	103
<u>\$ 636,440</u>	<u>\$ 455</u>	<u>\$ 153</u>	<u>\$ 9,313</u>	
\$ 171,990	\$ —	\$ 242	\$ 4,339	12
19,897	—	—	260	13
20,618	—	—	3,111	15
10,316	—	—	—	16
<u>222,821</u>	<u>0</u>	<u>242</u>	<u>7,710</u>	
\$ 3,177	\$ —	\$ —	\$ 61	17
3,177	0	0	61	
<u>\$ 225,998</u>	<u>\$ 0</u>	<u>\$ 242</u>	<u>\$ 7,771</u>	
\$ 85,080	\$ —	\$ 709	\$ 13,002	25
24,709	—	1,415	8,033	26
3,226	—	—	146	27
1,585	—	—	290	28
20,374	—	—	5,502	29
4,110	—	—	211	30
<u>139,084</u>	<u>0</u>	<u>2,124</u>	<u>27,184</u>	
\$ 32,982	\$ —	\$ —	\$ 141	206
32,982	0	0	141	
<u>\$ 172,066</u>	<u>\$ 0</u>	<u>\$ 2,124</u>	<u>\$ 27,325</u>	
Continues				

**State of Utah****Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund****Continued**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
STATE COURTS					
20	Judicial Council .....	\$ 91,364	\$ 226	\$ 2,600	\$ 94,190
21	Grand Jury .....	1	—	—	1
22	Contracts and Leases .....	21,417	—	345	21,762
23	Jury and Witness Fees .....	1,442	—	11	1,453
24	Guardian Ad Litem .....	4,346	—	18	4,364
	Total State Courts .....	<u>\$ 118,570</u>	<u>\$ 226</u>	<u>\$ 2,974</u>	<u>\$ 121,770</u>
HEALTH and ENVIRONMENTAL QUALITY					
88	Department of Health .....	\$ 6,627	\$ 19,108	\$ 3,603	\$ 29,338
89	Health System Improvements .....	8,035	3,869	5,486	17,390
91	Epidemiology and Laboratory Services .....	5,941	7,448	5,312	18,701
92	Community and Family Health Services .....	19,831	57,205	23,444	100,480
93	Health Care Financing .....	11,309	64,493	32,044	107,846
94	Medical Assistance .....	335,943	983,726	178,750	1,498,419
96	Local Health Department .....	2,092	—	—	2,092
95	Children's Health Insurance Program .....	10,321	40,453	1,905	52,679
90	Workforce Assistance .....	1,051	66	—	1,117
—	Commodities .....	—	10,823	—	10,823
207	Environmental Quality .....	23,174	15,953	10,446	49,573
	Total Health and Environmental Quality .....	<u>\$ 424,324</u>	<u>\$ 1,203,144</u>	<u>\$ 260,990</u>	<u>\$ 1,888,458</u>
HIGHER EDUCATION					
155	Board of Regents .....	\$ 4,362	\$ —	\$ —	\$ 4,362
157	REG - Campus Compact .....	100	—	—	100
156	REG – Federal Programs .....	—	1,032	110	1,142
—	REG – Engineering Initiative .....	1,200	—	—	1,200
158	REG – Student Aid .....	8,928	—	—	8,928
159	REG – WICHE .....	1,022	—	—	1,022
160	REG – T. H. Bell Scholarship Program .....	623	—	235	858
162	REG – Jobs Now Initiative .....	1,500	—	—	1,500
161	REG – Technology Initiative .....	3,846	—	—	3,846
163	REG – Electronic College .....	536	—	—	536
164	REG – Academic Library Consortium .....	2,884	—	—	2,884
105	U of U – Education and General .....	208,823	—	117,186	326,009
106	U of U – Educationally Disadvantaged .....	737	—	—	737
107	U of U – School of Medicine .....	21,712	—	10,703	32,415
108	U of U – University Hospital .....	4,744	—	1,076	5,820
109	U of U – Regional Dental Education .....	570	—	189	759
—	U of U – Tele Health Network .....	500	—	—	500
110	U of U – Public Service .....	1,487	—	—	1,487
111	U of U – Statewide TV Administration .....	2,550	—	—	2,550

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<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 91,818	\$ —	\$ 1,059	\$ 1,313	20
1	—	—	—	21
20,447	—	1,300	15	22
1,763	—	—	(310)	23
4,364	—	—	—	24
<u>\$ 118,393</u>	<u>\$ 0</u>	<u>\$ 2,359</u>	<u>\$ 1,018</u>	
\$ 29,200	\$ 6	\$ 72	\$ 60	88
14,740	46	—	2,604	89
18,442	9	—	250	91
100,042	1	—	437	92
107,493	—	353	—	93
1,486,153	—	11,567	699	94
2,092	—	—	—	96
52,509	—	170	—	95
478	—	—	639	90
10,823	—	—	—	—
47,807	—	1,019	747	207
<u>\$ 1,869,779</u>	<u>\$ 62</u>	<u>\$ 13,181</u>	<u>\$ 5,436</u>	
\$ 4,182	\$ —	\$ 180	\$ —	155
100	—	—	—	157
1,142	—	—	—	156
1,200	—	—	—	—
8,928	—	—	—	158
1,022	—	—	—	159
858	—	—	—	160
1,500	—	—	—	162
3,846	—	—	—	161
536	—	—	—	163
2,884	—	—	—	164
326,009	—	—	—	105
737	—	—	—	106
32,415	—	—	—	107
5,820	—	—	—	108
759	—	—	—	109
500	—	—	—	—
1,487	—	—	—	110
2,550	—	—	—	111
				<b>Continues</b>

**State of Utah****Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund****Continued**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
HIGHER EDUCATION (Continued)					
112	U of U – Poison Control Center .....	—	—	2,302	2,302
113	USU – Education and General .....	107,470	—	44,791	152,261
119	USU – Educationally Disadvantaged .....	243	—	—	243
118	USU – Water Research Laboratory .....	4,400	—	—	4,400
120	USU – Agricultural Experiment Station .....	12,675	2,324	—	14,999
121	USU – Cooperative Extension Service .....	12,223	2,108	—	14,331
114	USU – Uintah Basin CEC .....	3,127	—	2,161	5,288
115	USU – Southeastern Utah CEC .....	672	—	494	1,166
116	USU – Brigham City CEC .....	1,797	—	5,993	7,790
117	USU – Tooele CEC .....	2,259	—	5,051	7,310
122	Weber – Education and General .....	62,561	—	40,786	103,347
123	Weber – Educationally Disadvantaged .....	354	—	—	354
124	SUU – Education and General .....	29,846	—	18,603	48,449
125	SUU – Educationally Disadvantaged .....	98	—	—	98
126	SUU – Shakespeare Festival .....	25	—	—	25
127	SUU – Rural Development .....	102	—	—	102
128	Snow College – Education and General .....	17,962	—	5,476	23,438
129	Snow College – Educationally Disadvantaged .....	32	—	—	32
130	Snow College Applied Technology .....	1,266	—	—	1,266
131	Dixie – Education and General .....	18,436	—	8,578	27,014
132	Dixie – Educationally Disadvantaged .....	31	—	—	31
133	Dixie – Zion Park Amphitheatre .....	58	—	—	58
134	CEU – Education and General .....	11,617	—	1,899	13,516
135	CEU – Educationally Disadvantaged .....	118	—	—	118
136	CEU – Prehistoric Museum .....	274	—	—	274
137	CEU – San Juan Center .....	2,177	—	—	2,177
140	UVSC – Education and General .....	50,051	—	50,889	100,940
141	UVSC – Educationally Disadvantaged .....	145	—	—	145
142	SLCC – Education and General .....	56,770	—	36,714	93,484
143	SLCC – Educationally Disadvantaged .....	178	—	—	178
144	SLCC – Skill Center .....	4,238	—	1,225	5,463
145	Utah College of Applied Technology .....	4,976	—	982	5,958
146	UCAT Bridgerland .....	8,793	—	1,322	10,115
147	UCAT Davis .....	8,997	—	1,626	10,623
150	UCAT Ogden/Weber .....	11,133	—	1,650	12,783
154	UCAT Uintah Basin .....	4,464	—	1,002	5,466
151	UCAT Salt Lake/Tooele .....	2,694	—	348	3,042
149	UCAT Mountainlands .....	4,318	—	293	4,611
152	UCAT Southeast .....	1,100	—	—	1,100
153	UCAT Southwest .....	1,729	—	73	1,802
148	UCAT Dixie .....	1,567	—	164	1,731
166	UEN Satellite Telecommunication .....	1,464	—	—	1,464
165	Utah Education Network .....	20,630	—	—	20,630
167	Medical Education Council .....	656	—	683	1,339
	Total Higher Education .....	\$ 739,850	\$ 5,464	\$ 362,604	\$ 1,107,918

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<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
2,302	—	—	—	112
152,261	—	—	—	113
243	—	—	—	119
4,400	—	—	—	118
14,999	—	—	—	120
14,331	—	—	—	121
5,288	—	—	—	114
1,166	—	—	—	115
7,790	—	—	—	116
7,310	—	—	—	117
103,347	—	—	—	122
354	—	—	—	123
48,449	—	—	—	124
98	—	—	—	125
25	—	—	—	126
102	—	—	—	127
23,438	—	—	—	128
32	—	—	—	129
1,266	—	—	—	130
27,014	—	—	—	131
31	—	—	—	132
58	—	—	—	133
13,516	—	—	—	134
118	—	—	—	135
274	—	—	—	136
2,177	—	—	—	137
100,940	—	—	—	140
145	—	—	—	141
93,484	—	—	—	142
178	—	—	—	143
5,463	—	—	—	144
5,958	—	—	—	145
10,115	—	—	—	146
10,623	—	—	—	147
12,783	—	—	—	150
5,466	—	—	—	154
3,042	—	—	—	151
4,611	—	—	—	149
1,100	—	—	—	152
1,802	—	—	—	153
1,731	—	—	—	148
1,464	—	—	—	166
20,630	—	—	—	165
772	—	—	567	167
<u>\$ 1,107,171</u>	<u>\$ 0</u>	<u>\$ 180</u>	<u>\$ 567</u>	
				<b>Continues</b>

**State of Utah****Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund****Continued**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
WORKFORCE SERVICES					
—	Food Stamps – EBT Issuances .....	\$ —	\$ 132,330	\$ —	\$ 132,330
58	Department of Workforce Services .....	80,437	183,462	17,772	281,671
	Total Workforce Services .....	<u>\$ 80,437</u>	<u>\$ 315,792</u>	<u>\$ 17,772</u>	<u>\$ 414,001</u>
NATURAL RESOURCES					
168	Department of Natural Resources .....	\$ 3,234	\$ —	\$ —	\$ 3,234
170	Rent, Utilities, and Fixtures .....	1,661	—	—	1,661
172	Forestry, Fire, and State Lands .....	19,590	5,352	5,018	29,960
173	Oil, Gas, and Mining .....	5,248	4,014	(339)	8,923
174	Wildlife Resources .....	33,993	10,212	226	44,431
169	Species Protection .....	983	—	2,450	3,433
171	Range Creek .....	161	—	—	161
—	Watershed Development .....	2,133	—	500	2,633
177	Contributed Research .....	—	—	1,040	1,040
178	Cooperative Environmental Studies .....	—	8,681	5,245	13,926
180	Parks and Recreation .....	28,206	1,160	629	29,995
181	Parks and Recreation – Capital Development .....	9,815	2,234	11,077	23,126
182	Utah Geological Survey .....	5,992	1,080	995	8,067
183	Water Resources .....	5,501	73	150	5,724
179	Wildlife Resources – Capital Development .....	2,548	19,804	—	22,352
186	Water Rights .....	7,419	56	962	8,437
187	Public Lands Policy Office .....	4,013	—	—	4,013
	Total Natural Resources .....	<u>\$ 130,497</u>	<u>\$ 52,666</u>	<u>\$ 27,953</u>	<u>\$ 211,116</u>
COMMUNITY AND CULTURE					
73	Community and Culture .....	\$ 2,497	\$ —	\$ —	\$ 2,497
78	Indian Affairs .....	292	—	7	299
75	State History .....	2,278	644	157	3,079
74	Historical Society .....	174	1	107	282
76	Fine Arts .....	5,684	939	75	6,698
77	State Library .....	4,898	1,676	2,240	8,814
79	Community Development .....	17,282	34,673	1,160	53,115
80	Community Development Capital .....	34,774	—	—	34,774
81	Zoos .....	1,499	—	—	1,499
—	Low Income Housing .....	40	—	—	40
	Total Community and Culture .....	<u>\$ 69,418</u>	<u>\$ 37,933</u>	<u>\$ 3,746</u>	<u>\$ 111,097</u>

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<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 132,330	\$ —	\$ —	\$ —	—
279,066	—	—	2,605	58
<u>\$ 411,396</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,605</u>	
\$ 3,035	\$ —	\$ —	\$ 199	168
1,661	—	—	—	170
20,663	—	1,035	8,262	172
8,375	—	—	548	173
39,340	—	3,901	1,190	174
3,326	—	107	—	169
161	—	—	—	171
1,407	—	—	1,226	—
1,040	—	—	—	177
13,926	—	—	—	178
29,302	—	247	446	180
18,633	—	—	4,493	181
7,347	—	—	720	182
5,413	—	293	18	183
21,435	—	316	601	179
7,964	—	—	473	186
2,641	—	1,000	372	187
<u>\$ 185,669</u>	<u>\$ 0</u>	<u>\$ 6,899</u>	<u>\$ 18,548</u>	
\$ 2,124	\$ —	\$ —	\$ 373	73
248	—	—	51	78
3,013	—	—	66	75
53	—	—	229	74
5,854	—	—	844	76
8,787	—	—	27	77
48,832	50	—	4,233	79
34,735	—	—	39	80
1,499	—	—	—	81
40	—	—	—	—
<u>\$ 105,185</u>	<u>\$ 50</u>	<u>\$ 0</u>	<u>\$ 5,862</u>	

**Continues**



**State of Utah****Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund****Continued**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
BUSINESS, LABOR, and AGRICULTURE					
189	Department of Agriculture and Food .....	\$ 14,513	\$ 4,932	\$ 3,232	\$ 22,677
190	AGR – Building Operations .....	270	—	—	270
191	AGR – Utah State Fair .....	893	—	—	893
192	AGR – Predatory Animal Control .....	1,303	180	609	2,092
193	AGR – Resource Conservation .....	1,423	8	—	1,431
—	AGR – Taylor Grazing Act .....	—	155	—	155
60	Labor Commission .....	8,714	2,487	25	11,226
61	Department of Commerce .....	23,213	241	1,918	25,372
62	COM/Public Utilities – Professional Services .....	271	—	—	271
63	COM/Consumer Services – Professional Services ...	1,041	—	—	1,041
64	Financial Institutions .....	5,790	—	—	5,790
65	Insurance Department .....	6,767	—	3,128	9,895
66	Comprehensive Health Insurance Pool .....	11,000	—	—	11,000
67	Bail Bond Program .....	22	—	—	22
68	Title Insurance Program .....	29	—	56	85
69	Public Service Commission .....	1,928	—	141	2,069
70	PSC – Research and Analysis .....	—	—	41	41
71	PSC – Speech and Hearing Impaired .....	3,825	—	1,368	5,193
	Total Business, Labor, and Agriculture .....	<u>\$ 81,002</u>	<u>\$ 8,003</u>	<u>\$ 10,518</u>	<u>\$ 99,523</u>
TOTAL GENERAL FUND					
	Total Expenditures .....	<u>\$ 2,659,493</u>	<u>\$ 1,806,537</u>	<u>\$ 914,778</u>	<u>\$ 5,380,808</u>

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<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 19,570	\$ —	\$ 391	\$ 2,716	189
270	—	—	—	190
893	—	—	—	191
1,533	—	327	232	192
1,420	—	6	5	193
155	—	—	—	—
10,239	—	422	565	60
21,494	199	1,013	2,666	61
53	—	—	218	62
317	—	—	724	63
5,617	—	173	—	64
8,170	—	—	1,725	65
11,000	—	—	—	66
20	—	2	—	67
71	—	—	14	68
1,918	—	—	151	69
41	—	—	—	70
2,002	—	—	3,191	71
<u>\$ 84,783</u>	<u>\$ 199</u>	<u>\$ 2,334</u>	<u>\$ 12,207</u>	
 <u>\$ 5,161,350</u>	 <u>\$ 5,951</u>	 <u>\$ 29,857</u>	 <u>\$ 183,650</u>	

**State of Utah****Detail Schedule of Expenditures—Budget and Actual Comparison  
Uniform School Fund, Transportation Fund,  
Transportation Investment Fund, and Debt Service Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
UNIFORM SCHOOL FUND					
Office of Education					
196	State Office of Education .....	\$ 53,353	\$ 226,430	\$ 6,812	\$ 286,595
198	State Office of Rehabilitation .....	21,127	33,513	1,000	55,640
—	Minimum School Program .....	2,100,396	—	214	2,100,610
199	Child Nutrition .....	156	94,110	23,033	117,299
200	Board of Education – Fine Arts and Sciences .....	2,640	—	—	2,640
201	Educational Contracts .....	3,855	—	—	3,855
197	Charter School Board .....	4,620	5,692	—	10,312
—	Commodities .....	—	11,856	—	11,856
—	Science Outreach .....	1,343	—	—	1,343
205	Indirect Cost Pool .....	40	—	4,282	4,322
	Total Office of Education .....	2,187,530	371,601	35,341	2,594,472
Schools for the Deaf and the Blind					
202	Schools for the Deaf and the Blind .....	\$ 22,125	\$ 182	\$ 4,200	\$ 26,507
—	Institutional Council .....	—	—	659	659
	Total Schools for the Deaf and the Blind .....	22,125	182	4,859	27,166
	Total Uniform School Fund .....	\$ 2,209,655	\$ 371,783	\$ 40,200	\$ 2,621,638
TRANSPORTATION FUND					
211	Support Services .....	\$ 29,016	\$ 1,106	\$ —	\$ 30,122
212	Engineering Services .....	21,654	12,560	1,206	35,420
213	Maintenance Management .....	109,514	7,981	1,898	119,393
214	Construction Management .....	208,008	230,625	24,881	463,514
215	District Management .....	20,993	2,908	1,252	25,153
216	Equipment Management .....	3,543	—	24,825	28,368
217	Aeronautics .....	9,560	67	44,502	54,129
218	B and C Roads .....	124,058	—	—	124,058
219	Safe Sidewalk Construction .....	2,375	—	—	2,375
220	Mineral Lease .....	51,602	—	—	51,602
—	Corridor Preservation .....	12,157	—	16,250	28,407
—	Tollway .....	67	—	—	67
—	Nonappropriated .....	—	—	5,755	5,755
	Total Transportation Fund .....	\$ 592,547	\$ 255,247	\$ 120,569	\$ 968,363
TRANSPORTATION INVESTMENT FUND					
221	Centennial Highway Program .....	\$ 337,566	\$ 24,025	\$ 2,391	\$ 363,982
DEBT SERVICE FUNDS					
—	General Government .....	\$ 218,134	\$ —	\$ 570	\$ 218,704
—	State Building Ownership Authority .....	6,613	—	33,228	39,841
	Total Debt Service Funds .....	\$ 224,747	\$ 0	\$ 33,798	\$ 258,545

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 264,622	\$ —	\$ 11	\$ 21,962	196
55,635	—	—	5	198
2,058,236	—	214	42,160	—
117,295	—	—	4	199
2,640	—	—	—	200
3,855	—	—	—	201
10,191	—	—	121	197
11,856	—	—	—	—
1,331	—	—	12	—
4,322	—	—	—	205
<u>2,529,983</u>	<u>0</u>	<u>225</u>	<u>64,264</u>	
\$ 26,507	\$ —	\$ —	\$ —	202
659	—	—	—	—
<u>27,166</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<u>\$ 2,557,149</u>	<u>\$ 0</u>	<u>\$ 225</u>	<u>\$ 64,264</u>	
\$ 25,757	\$ 1,165	\$ —	\$ 3,200	211
30,905	65	—	4,450	212
119,238	—	—	155	213
379,370	74,144	—	10,000	214
25,045	—	—	108	215
28,368	—	—	—	216
53,544	—	585	—	217
124,058	—	—	—	218
359	—	—	2,016	219
51,288	—	—	314	220
19,136	—	9,271	—	—
67	—	—	—	—
1,648	4,107	—	—	—
<u>\$ 858,783</u>	<u>\$ 79,481</u>	<u>\$ 9,856</u>	<u>\$ 20,243</u>	
<u>\$ 363,982</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	221
\$ 200,903	\$ —	\$ —	\$ 17,801	—
34,108	—	—	5,733	—
<u>\$ 235,011</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,534</u>	

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## **Nonmajor Enterprise Funds**

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### **Community Impact Loan Fund**

This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. Working capital for this fund is provided from federal mineral lease funds transferred from the General Fund.

### **Housing Loan Programs**

These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of multi-family or single family housing. Funds are provided from federal funds, appropriations, loan repayments, and interest earnings.

### **Agriculture Loan Fund**

This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Loan Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

### **Clean Fuels Vehicle Loan Fund**

This fund was created to provide a revolving loan fund for the conversion of government and private fleet vehicles to clean fuel. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

### **Petroleum Storage Tank Loan Fund**

This fund was created to provide revolving loan capital to support small businesses, increase the availability of gasoline in rural areas, and reduce the threat of a petroleum release. Funds are provided from appropriations and interest earnings on loans and invested funds.

### **Alcoholic Beverage Control**

The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

### **Utah Correctional Industries (UCI)**

UCI was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

### **State Trust Lands Administration**

This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production for the beneficiaries.

### **Utah Dairy Commission**

The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of collections from milk producers.

**State of Utah****Combining Statement Of Net Assets  
Nonmajor Enterprise Funds**

June 30, 2007

(Expressed in Thousands)

	<b>Community Impact Loan Fund</b>	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Clean Fuels Vehicle Loan Fund</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 176,083	\$ 10,702	\$ 9,747	\$ 2,616
Receivables:				
Accounts, net .....	—	242	—	—
Accrued Interest .....	2,472	745	488	—
Notes/Loans/Mortgages, net .....	10,915	4,106	3,171	5
Due From Other Funds .....	—	—	39	—
Due From Component Units .....	—	—	—	—
Prepaid Items .....	—	—	—	—
Inventories .....	—	—	—	—
Total Current Assets .....	<u>189,470</u>	<u>15,795</u>	<u>13,445</u>	<u>2,621</u>
Noncurrent Assets:				
Investments .....	—	886	—	—
Notes/Loans/Mortgages Receivables, net .....	222,098	54,552	25,231	11
Accrued Interest Receivable .....	179	550	—	—
Capital Assets:				
Land .....	—	—	—	—
Infrastructure .....	—	—	—	—
Buildings and Improvements .....	—	—	—	—
Machinery and Equipment .....	—	—	20	—
Construction in Progress .....	—	—	—	—
Less Accumulated Depreciation .....	—	—	(20)	—
Total Capital Assets .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Noncurrent Assets .....	<u>222,277</u>	<u>55,988</u>	<u>25,231</u>	<u>11</u>
Total Assets .....	<u>411,747</u>	<u>71,783</u>	<u>38,676</u>	<u>2,632</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	—	389	17	—
Deposits .....	—	97	—	—
Due To Other Funds .....	55	532	9	—
Due To Component Units .....	—	—	—	—
Unearned Revenue .....	—	—	—	—
Revenue Bonds Payable .....	—	—	—	—
Total Current Liabilities .....	<u>55</u>	<u>1,018</u>	<u>26</u>	<u>0</u>
Noncurrent Liabilities:				
Revenue Bonds Payable .....	—	—	—	—
Total Noncurrent Liabilities .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities .....	<u>55</u>	<u>1,018</u>	<u>26</u>	<u>0</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt .....	—	—	—	—
Restricted for:				
Loan Programs .....	—	38,159	3,500	—
Unrestricted .....	411,692	32,606	35,150	2,632
Total Net Assets .....	<u>\$ 411,692</u>	<u>\$ 70,765</u>	<u>\$ 38,650</u>	<u>\$ 2,632</u>

<b>Petroleum Storage Tank Loan Fund</b>	<b>Alcoholic Beverage Control</b>	<b>Utah Correctional Industries</b>	<b>State Trust Lands Administration</b>	<b>Utah Dairy Commission</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ 5,706	\$ 111	\$ —	\$ 3,133	\$ 925	\$ 209,023
—	3,216	1,732	5,075	260	10,525
—	—	—	—	—	3,705
123	—	—	—	—	18,320
—	8,964	1,007	46	—	10,056
—	—	1	25	—	26
—	24	6	—	3	33
—	21,473	2,966	—	24	24,463
<u>5,829</u>	<u>33,788</u>	<u>5,712</u>	<u>8,279</u>	<u>1,212</u>	<u>276,151</u>
—	—	—	—	183	1,069
141	—	—	—	—	302,033
—	—	—	—	—	729
—	9,740	—	263	32	10,035
—	—	304	—	—	304
—	33,575	1,973	233	126	35,907
—	9,016	3,244	1,113	123	13,516
—	446	544	—	—	990
—	(15,666)	(2,983)	(1,018)	(207)	(19,894)
<u>0</u>	<u>37,111</u>	<u>3,082</u>	<u>591</u>	<u>74</u>	<u>40,858</u>
<u>141</u>	<u>37,111</u>	<u>3,082</u>	<u>591</u>	<u>257</u>	<u>344,689</u>
<u>5,970</u>	<u>70,899</u>	<u>8,794</u>	<u>8,870</u>	<u>1,469</u>	<u>620,840</u>
—	8,121	1,270	1,898	207	11,902
—	—	—	—	—	97
1	14,497	744	1,445	—	17,283
—	—	—	7	—	7
—	—	—	3,818	—	3,818
—	1,630	57	—	—	1,687
<u>1</u>	<u>24,248</u>	<u>2,071</u>	<u>7,168</u>	<u>207</u>	<u>34,794</u>
—	34,404	933	—	—	35,337
<u>0</u>	<u>34,404</u>	<u>933</u>	<u>0</u>	<u>0</u>	<u>35,337</u>
<u>1</u>	<u>58,652</u>	<u>3,004</u>	<u>7,168</u>	<u>207</u>	<u>70,131</u>
—	8,519	2,193	591	74	11,377
—	—	—	—	—	41,659
5,969	3,728	3,597	1,111	1,188	497,673
<u>\$ 5,969</u>	<u>\$ 12,247</u>	<u>\$ 5,790</u>	<u>\$ 1,702</u>	<u>\$ 1,262</u>	<u>\$ 550,709</u>



State of Utah**Combining Statement of Revenues, Expenses, And  
Changes In Fund Net Assets  
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Community Impact Loan Fund</b>	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Clean Fuels Vehicle Loan Fund</b>
<b>OPERATING REVENUES</b>				
Sales and Charges for Services/Premiums .....	\$ —	\$ —	\$ —	\$ —
Fees and Assessments .....	—	—	—	—
Interest on Notes/Mortgages .....	3,777	1,160	933	1
Investment Income .....	—	—	—	—
Miscellaneous .....	—	—	6	—
Total Operating Revenues .....	<u>3,777</u>	<u>1,160</u>	<u>939</u>	<u>1</u>
<b>OPERATING EXPENSES</b>				
Administration .....	—	288	260	—
Purchases, Materials, and Services for Resale .....	—	—	—	—
Grants .....	—	377	—	—
Rentals and Leases .....	—	—	4	—
Maintenance .....	—	—	—	—
Depreciation .....	—	—	—	—
Miscellaneous Other:				
Data Processing .....	—	—	—	—
Supplies .....	—	—	23	—
Utilities .....	—	—	—	—
Advertising and Other .....	55	129	—	—
Total Operating Expenses .....	<u>55</u>	<u>794</u>	<u>287</u>	<u>0</u>
Operating Income (Loss) .....	<u>3,722</u>	<u>366</u>	<u>652</u>	<u>1</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income .....	7,318	470	522	131
Federal Grants .....	—	1,754	—	—
Tax Revenues .....	—	—	525	—
Interest Expense .....	—	—	—	—
Total Nonoperating Revenues (Expenses) .....	<u>7,318</u>	<u>2,224</u>	<u>1,047</u>	<u>131</u>
Income (Loss) before Transfers .....	11,040	2,590	1,699	132
Transfers In .....	49,023	3,236	—	—
Transfers Out .....	(11,416)	—	(330)	(75)
Change in Net Assets .....	48,647	5,826	1,369	57
Net Assets – Beginning .....	363,045	64,939	37,281	2,575
Net Assets – Ending .....	<u>\$ 411,692</u>	<u>\$ 70,765</u>	<u>\$ 38,650</u>	<u>\$ 2,632</u>

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<b>Petroleum Storage Tank Loan Fund</b>	<b>Alcoholic Beverage Control</b>	<b>Utah Correctional Industries</b>	<b>State Trust Lands Administration</b>	<b>Utah Dairy Commission</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ —	\$ 193,362	\$ 21,277	\$ 16,178	\$ 48	\$ 230,865
—	1,570	—	32	2,136	3,738
—	—	—	—	—	5,871
9	—	—	—	—	9
—	344	—	—	81	431
<u>9</u>	<u>195,276</u>	<u>21,277</u>	<u>16,210</u>	<u>2,265</u>	<u>240,914</u>
—	15,049	6,204	5,877	479	28,157
—	117,729	11,629	—	—	129,358
—	—	—	—	—	377
—	803	413	682	—	1,902
—	2,061	309	69	—	2,439
—	1,395	191	31	9	1,626
—	1,874	201	378	—	2,453
—	717	910	170	92	1,912
—	336	103	95	—	534
—	2,149	311	1,693	1,496	5,833
<u>0</u>	<u>142,113</u>	<u>20,271</u>	<u>8,995</u>	<u>2,076</u>	<u>174,591</u>
<u>9</u>	<u>53,163</u>	<u>1,006</u>	<u>7,215</u>	<u>189</u>	<u>66,323</u>
293	6	—	1	42	8,783
—	—	—	—	—	1,754
—	—	—	—	—	525
—	(1,608)	(62)	—	—	(1,670)
<u>293</u>	<u>(1,602)</u>	<u>(62)</u>	<u>1</u>	<u>42</u>	<u>9,392</u>
302	51,561	944	7,216	231	75,715
—	3,084	—	—	—	55,343
(136)	(54,587)	(60)	(28,401)	—	(95,005)
166	58	884	(21,185)	231	36,053
5,803	12,189	4,906	22,887	1,031	514,656
<u>\$ 5,969</u>	<u>\$ 12,247</u>	<u>\$ 5,790</u>	<u>\$ 1,702</u>	<u>\$ 1,262</u>	<u>\$ 550,709</u>

**State of Utah**

**Combining Statement Of Cash Flows  
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Community Impact Loan Fund</b>	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Clean Fuels Vehicle Loan Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 3,185	\$ 1,144	\$ 865	\$ 1
Receipts from Loan Maturities .....	20,277	1,861	3,960	3
Receipts from State Customers .....	—	—	6	20
Payments to Suppliers/Claims/Grants .....	—	(377)	(10)	—
Disbursements for Loans Receivable .....	(39,222)	(7,475)	(7,417)	—
Payments for Employee Services and Benefits .....	—	—	(285)	—
Payments to State Suppliers .....	—	—	(23)	—
Payments of Sales, School Lunch, and Premium Taxes ....	—	—	—	—
Net Cash Provided (Used) by Operating Activities .....	(15,760)	(4,847)	(2,904)	24
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	—	—
Repayments Under Interfund Loans .....	—	—	—	—
Federal Grants and Other Revenues .....	—	1,551	—	—
Restricted Sales Tax .....	—	—	525	—
Transfers In from Other Funds .....	49,023	3,236	—	—
Transfers Out to Other Funds .....	(11,416)	—	—	—
Net Cash Provided (Used) by Noncapital Financing Activities .....	37,607	4,787	525	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Bond and Note Debt Issuance/Grants .....	—	—	—	—
Principal Paid on Debt and Contract Maturities .....	—	—	—	—
Acquisition and Construction of Capital Assets .....	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases .....	—	—	—	—
Transfers In from Other Funds .....	—	—	—	—
Transfers Out to Other Funds .....	—	—	(330)	(75)
Net Cash Provided (Used) by Capital and Related Financing Activities .....	0	0	(330)	(75)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts of Interest and Dividends from Investments .....	7,318	470	522	131
Net Cash Provided (Used) by Investing Activities .....	7,318	470	522	131
Net Cash Provided (Used) – All Activities .....	29,165	410	(2,187)	80
Cash and Cash Equivalents – Beginning .....	146,918	10,292	11,934	2,536
Cash and Cash Equivalents – Ending .....	<u>\$ 176,083</u>	<u>\$ 10,702</u>	<u>\$ 9,747</u>	<u>\$ 2,616</u>

<b>Petroleum Storage Tank Loan Fund</b>	<b>Alcoholic Beverage Control</b>	<b>Utah Correctional Industries</b>	<b>State Trust Lands Administration</b>	<b>Utah Dairy Commission</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ 9	\$ 231,101	\$ 9,452	\$ 21,157	\$ 2,279	\$ 269,193
157	—	—	—	—	26,258
—	—	11,341	—	—	11,367
—	(124,092)	(13,376)	(4,485)	(1,632)	(143,972)
(51)	—	—	—	—	(54,165)
—	(13,235)	(6,177)	(6,184)	(478)	(26,359)
—	(1,820)	194	(5,471)	—	(7,120)
—	(36,302)	—	—	—	(36,302)
<u>115</u>	<u>55,652</u>	<u>1,434</u>	<u>5,017</u>	<u>169</u>	<u>38,900</u>
—	7,603	—	—	—	7,603
—	(8,781)	(604)	—	—	(9,385)
—	—	—	—	—	1,551
—	—	—	—	—	525
—	—	—	—	—	52,259
—	(53,193)	(60)	(8,656)	—	(73,325)
<u>0</u>	<u>(54,371)</u>	<u>(664)</u>	<u>(8,656)</u>	<u>0</u>	<u>(20,772)</u>
—	5,456	—	—	—	5,456
—	(1,083)	(51)	—	—	(1,134)
—	(5,693)	(687)	—	(12)	(6,392)
—	(1,649)	(32)	—	—	(1,681)
—	3,085	—	—	—	3,085
(136)	(1,395)	—	—	—	(1,936)
<u>(136)</u>	<u>(1,279)</u>	<u>(770)</u>	<u>0</u>	<u>(12)</u>	<u>(2,602)</u>
293	—	—	1	42	8,777
<u>293</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>42</u>	<u>8,777</u>
272	2	—	(3,638)	199	24,303
5,434	109	—	6,771	726	184,720
<u>\$ 5,706</u>	<u>\$ 111</u>	<u>\$ 0</u>	<u>\$ 3,133</u>	<u>\$ 925</u>	<u>\$ 209,023</u>

Continues

**Combining Statement Of Cash Flows  
Nonmajor Enterprise Funds**

**Continued**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Community Impact Loan Fund</b>	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Clean Fuels Vehicle Loan Fund</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss) .....	\$ 3,722	\$ 366	\$ 652	\$ 1
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense .....	—	—	—	—
Miscellaneous Gains, Losses, and Other Items .....	—	—	—	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds .....	—	—	(35)	20
Notes/Accrued Interest Receivables .....	(19,537)	(5,655)	(3,525)	3
Inventories .....	—	—	—	—
Accrued Liabilities/Due to Other Funds .....	55	443	4	—
Unearned Revenue/Deposits .....	—	(1)	—	—
Net Cash Provided (Used) by Operating Activities .....	<u>\$ (15,760)</u>	<u>\$ (4,847)</u>	<u>\$ (2,904)</u>	<u>\$ 24</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Increase (Decrease) in Fair Value of Investments .....	\$ (30)	\$ (2)	\$ —	\$ —
Contributed Capital Assets Transferred In (Out) .....	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ (30)</u>	<u>\$ (2)</u>	<u>\$ 0</u>	<u>\$ 0</u>

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<u>Petroleum Storage Tank Loan Fund</u>	<u>Alcoholic Beverage Control</u>	<u>Utah Correctional Industries</u>	<u>State Trust Lands Administration</u>	<u>Utah Dairy Commission</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 9	\$ 53,163	\$ 1,006	\$ 7,215	\$ 189	\$ 66,323
—	1,395	191	31	9	1,626
—	72	—	—	—	72
—	(328)	(484)	3,642	(11)	2,804
106	—	—	—	—	(28,608)
—	(1,303)	(588)	—	(1)	(1,892)
—	2,653	1,309	(7,176)	(17)	(2,729)
—	—	—	1,305	—	1,304
<u>\$ 115</u>	<u>\$ 55,652</u>	<u>\$ 1,434</u>	<u>\$ 5,017</u>	<u>\$ 169</u>	<u>\$ 38,900</u>
\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ (33)
—	—	—	(19,745)	—	(19,745)
<u>\$ (1)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,745)</u>	<u>\$ 0</u>	<u>\$ (19,778)</u>

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## **Internal Service Funds**

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### **Technology Services**

This fund is responsible for providing data processing, computer programming, and voice and data communication services to state agencies.

### **General Services**

This fund is used to administer office supply contracts and provide statewide copy and mail services to state agencies. This fund is also used to account for the central warehouse services for the Department of Natural Resources and the renting and maintaining of facilities used by the Department of Human Services.

### **Fleet Operations**

This fund accounts for automobile rental, fuel dispensing, and surplus property services to state agencies.

### **Risk Management**

This fund is used to account for insurance coverage and loss prevention provided to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

### **Property Management**

This fund has statutory responsibility for the operation and maintenance of facilities used by state agencies.

### **Transportation Infrastructure Loan Fund**

This fund was created as a revolving loan fund to provide infrastructure assistance to state and local governments to expedite construction projects. The fund was capitalized with federal grants and state matching appropriations.

### **Human Resource Management**

This fund is used to account for human resource services provided to state agencies.



**State of Utah****Combining Statement Of Net Assets  
Internal Service Funds**

June 30, 2007

(Expressed in Thousands)

	<b>Technology Services</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 1,293	\$ 1,198	\$ 746	\$ 56,217
Receivables:				
Accounts, net .....	612	542	1,894	2,602
Notes/Loans/Mortgages, net .....	—	—	—	—
Due From Other Funds .....	25,729	2,064	4,639	380
Due From Component Units .....	—	11	21	4
Prepaid Items .....	1,277	5	941	171
Inventories .....	310	727	3,585	—
Deferred Charges .....	—	—	—	—
Total Current Assets .....	<u>29,221</u>	<u>4,547</u>	<u>11,826</u>	<u>59,374</u>
Noncurrent Assets:				
Prepaid Items .....	—	—	—	421
Notes/Loans/Mortgages Receivables, net .....	—	—	—	—
Deferred Charges .....	—	—	—	—
Capital Assets:				
Land .....	17	—	—	—
Infrastructure .....	321	—	—	—
Buildings and Improvements .....	4,711	883	1,729	—
Machinery and Equipment .....	66,237	10,652	106,198	—
Construction in Progress .....	127	—	—	—
Less Accumulated Depreciation .....	(58,363)	(6,917)	(52,572)	—
Total Capital Assets .....	<u>13,050</u>	<u>4,618</u>	<u>55,355</u>	<u>0</u>
Total Noncurrent Assets .....	<u>13,050</u>	<u>4,618</u>	<u>55,355</u>	<u>421</u>
Total Assets .....	<u>42,271</u>	<u>9,165</u>	<u>67,181</u>	<u>59,795</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	12,477	1,696	2,458	185
Due To Other Funds .....	4,780	114	230	2,777
Interfund Loans Payable .....	6	1,874	18,491	—
Unearned Revenue .....	57	—	148	2
Policy Claims Liabilities .....	—	—	—	11,929
Contracts/Notes Payable .....	—	36	—	—
Revenue Bonds Payable .....	—	—	51	—
Total Current Liabilities .....	<u>17,320</u>	<u>3,720</u>	<u>21,378</u>	<u>14,893</u>
Noncurrent Liabilities:				
Unearned Revenue .....	—	—	—	165
Interfund Loans Payable .....	9,960	1,260	2,314	—
Policy Claims Liabilities .....	—	—	—	32,826
Contracts/Notes Payable .....	—	48	—	—
Revenue Bonds Payable .....	—	—	852	—
Total Noncurrent Liabilities .....	<u>9,960</u>	<u>1,308</u>	<u>3,166</u>	<u>32,991</u>
Total Liabilities .....	<u>27,280</u>	<u>5,028</u>	<u>24,544</u>	<u>47,884</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt .....	13,050	4,534	54,550	—
Restricted for:				
Insurance Programs .....	—	—	—	6,120
Loan Programs .....	—	—	—	—
Unrestricted (Deficit) .....	1,941	(397)	(11,913)	5,791
Total Net Assets .....	<u>\$ 14,991</u>	<u>\$ 4,137</u>	<u>\$ 42,637</u>	<u>\$ 11,911</u>

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Property Management	Transportation Infrastructure Loan Fund	Human Resource Management	Total
\$ 700	\$ 1,733	\$ 833	\$ 62,720
14	—	—	5,664
—	156	—	156
1,345	—	4	34,161
—	—	—	36
—	—	—	2,394
—	—	—	4,622
7	—	—	7
<u>2,066</u>	<u>1,889</u>	<u>837</u>	<u>109,760</u>
—	—	—	421
—	694	—	694
511	—	—	511
—	—	—	17
—	—	—	321
—	—	—	7,323
584	—	—	183,671
—	—	—	127
(483)	—	—	(118,335)
<u>101</u>	<u>0</u>	<u>0</u>	<u>73,124</u>
<u>612</u>	<u>694</u>	<u>0</u>	<u>74,750</u>
<u>2,678</u>	<u>2,583</u>	<u>837</u>	<u>184,510</u>
1,744	—	425	18,985
250	—	37	8,188
—	—	—	20,371
—	—	—	207
—	—	—	11,929
7	—	—	43
—	—	—	51
<u>2,001</u>	<u>0</u>	<u>462</u>	<u>59,774</u>
—	—	—	165
—	—	—	13,534
—	—	—	32,826
511	—	—	559
—	—	—	852
<u>511</u>	<u>0</u>	<u>0</u>	<u>47,936</u>
<u>2,512</u>	<u>0</u>	<u>462</u>	<u>107,710</u>
101	—	—	72,235
—	—	—	6,120
—	2,583	—	2,583
65	—	375	(4,138)
<u>\$ 166</u>	<u>\$ 2,583</u>	<u>\$ 375</u>	<u>\$ 76,800</u>

**State of Utah****Combining Statement Of Revenues, Expenses, And  
Changes In Fund Net Assets  
Internal Service Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Technology Services</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>OPERATING REVENUES</b>				
Charges for Services/Premiums .....	\$ 127,218	\$ 16,740	\$ 66,312	\$ 35,168
Interest on Notes .....	—	—	—	—
Miscellaneous .....	—	33	—	—
Total Operating Revenues .....	<u>127,218</u>	<u>16,773</u>	<u>66,312</u>	<u>35,168</u>
<b>OPERATING EXPENSES</b>				
Administration .....	78,609	2,761	2,495	2,234
Materials and Services for Resale .....	13,110	9,627	30,484	21,765
Rentals and Leases .....	324	1,102	3,008	33
Maintenance .....	1,899	1,064	12,921	2
Depreciation .....	3,267	1,657	11,377	16
Benefit Claims .....	—	—	—	9,765
Miscellaneous Other:				
Data Processing .....	29,758	87	604	116
Supplies .....	796	256	604	104
Utilities .....	437	36	97	23
Advertising and Other .....	2,719	206	1,270	662
Total Operating Expenses .....	<u>130,919</u>	<u>16,796</u>	<u>62,860</u>	<u>34,720</u>
Operating Income (Loss) .....	<u>(3,701)</u>	<u>(23)</u>	<u>3,452</u>	<u>448</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings .....	—	—	—	3,145
Gain (Loss) on Sale of Capital Assets .....	—	(42)	494	—
Interest Expense .....	—	—	(42)	—
Refunds Paid to Federal Government .....	—	(40)	(4)	(677)
Total Nonoperating Revenues (Expenses) .....	<u>0</u>	<u>(82)</u>	<u>448</u>	<u>2,468</u>
Income (Loss) before Transfers .....	<u>(3,701)</u>	<u>(105)</u>	<u>3,900</u>	<u>2,916</u>
Transfers In .....	—	—	352	—
Change in Net Assets .....	<u>(3,701)</u>	<u>(105)</u>	<u>4,252</u>	<u>2,916</u>
Net Assets – Beginning .....	18,692	4,242	38,385	8,995
Adjustments to Beginning Net Assets:				
Fund Reclassified to Miscellaneous Special Revenue ....	—	—	—	—
Net Assets – Beginning as Adjusted .....	<u>18,692</u>	<u>4,242</u>	<u>38,385</u>	<u>8,995</u>
Net Assets – Ending .....	<u>\$ 14,991</u>	<u>\$ 4,137</u>	<u>\$ 42,637</u>	<u>\$ 11,911</u>

<b>Property Management</b>	<b>Transportation Infrastructure Loan Fund</b>	<b>Human Resource Management</b>	<b>Reclassified to Special Revenue State Debt Collection</b>	<b>Total</b>
\$ 20,586	\$ —	\$ 11,281	\$ —	\$ 277,305
—	18	—	—	18
—	—	—	—	33
<u>20,586</u>	<u>18</u>	<u>11,281</u>	<u>0</u>	<u>277,356</u>
6,345	—	10,439	—	102,883
—	—	—	—	74,986
499	—	11	—	4,977
6,233	—	—	—	22,119
39	—	—	—	16,356
—	—	—	—	9,765
412	—	165	—	31,142
175	—	110	—	2,045
6,633	—	101	—	7,327
924	—	80	—	5,861
<u>21,260</u>	<u>0</u>	<u>10,906</u>	<u>0</u>	<u>277,461</u>
<u>(674)</u>	<u>18</u>	<u>375</u>	<u>0</u>	<u>(105)</u>
—	87	—	—	3,232
—	—	—	—	452
(25)	—	—	—	(67)
—	—	—	—	(721)
<u>(25)</u>	<u>87</u>	<u>0</u>	<u>0</u>	<u>2,896</u>
<u>(699)</u>	<u>105</u>	<u>375</u>	<u>0</u>	<u>2,791</u>
—	—	—	—	352
<u>(699)</u>	<u>105</u>	<u>375</u>	<u>0</u>	<u>3,143</u>
865	2,478	—	942	74,599
—	—	—	(942)	(942)
<u>865</u>	<u>2,478</u>	<u>0</u>	<u>0</u>	<u>73,657</u>
<u>\$ 166</u>	<u>\$ 2,583</u>	<u>\$ 375</u>	<u>\$ 0</u>	<u>\$ 76,800</u>

# Combining Statement Of Cash Flows

## Internal Service Funds

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 1,627	\$ 755	\$ 23,615	\$ 15,906
Receipts from State Customers .....	103,597	16,699	42,719	19,477
Payments to Suppliers/Claims/Grants .....	(29,504)	(7,548)	(21,012)	(25,226)
Disbursements for Loans Receivable .....	—	—	—	—
Payments for Employee Services and Benefits .....	(76,538)	(2,757)	(2,501)	(2,225)
Payments to State Suppliers and Grants .....	(7,580)	(4,404)	(30,620)	(7,785)
Net Cash Provided (Used) by				
Operating Activities .....	(8,398)	2,745	12,201	147
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	9,966	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds .....	—	(40)	(4)	(677)
Interest Paid on Bonds, Notes, and Financing Costs .....	—	—	—	—
Net Cash Provided (Used) by				
Noncapital Financing Activities .....	9,966	(40)	(4)	(677)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Repayments Under Interfund Loans .....	—	(736)	(2,852)	—
Proceeds from Disposition of Capital Assets .....	—	22	3,470	—
Principal Paid on Debt and Contract Maturities .....	—	—	(48)	—
Acquisition and Construction of Capital Assets .....	(4,584)	(1,399)	(13,143)	—
Interest Paid on Bonds, Notes, and Capital Leases .....	—	—	(43)	—
Transfers In from Other Funds .....	—	—	352	—
Net Cash Provided (Used) by				
Capital and Related Financing Activities .....	(4,584)	(2,113)	(12,264)	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts of Interest and Dividends from Investments .....	—	—	—	3,145
Net Cash Provided (Used) by				
Investing Activities .....	0	0	0	3,145
Net Cash Provided (Used) – All Activities .....	(3,016)	592	(67)	2,615
Cash and Cash Equivalents – Beginning .....	4,309	606	813	53,602
Cash and Cash Equivalents – Ending .....	\$ 1,293	\$ 1,198	\$ 746	\$ 56,217

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Property Management	Transportation Infrastructure Loan Fund	Human Resource Management	Total
\$ 628	\$ 18	\$ 190	\$ 42,739
19,260	—	11,087	212,839
(12,590)	—	—	(95,880)
—	(850)	—	(850)
(6,325)	—	(10,158)	(100,504)
(1,819)	—	(286)	(52,494)
<u>(846)</u>	<u>(832)</u>	<u>833</u>	<u>5,850</u>
—	—	—	9,966
(6)	—	—	(727)
<u>(25)</u>	<u>—</u>	<u>—</u>	<u>(25)</u>
<u>(31)</u>	<u>0</u>	<u>0</u>	<u>9,214</u>
—	—	—	(3,588)
—	—	—	3,492
—	—	—	(48)
(25)	—	—	(19,151)
—	—	—	(43)
<u>—</u>	<u>—</u>	<u>—</u>	<u>352</u>
<u>(25)</u>	<u>0</u>	<u>0</u>	<u>(18,986)</u>
—	87	—	3,232
<u>0</u>	<u>87</u>	<u>0</u>	<u>3,232</u>
(902)	(745)	833	(690)
1,602	2,478	—	63,410
<u>\$ 700</u>	<u>\$ 1,733</u>	<u>\$ 833</u>	<u>\$ 62,720</u>

Continues

**Combining Statement Of Cash Flows  
Internal Service Funds****Continued**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Information Technology</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss) .....	\$ (3,701)	\$ (23)	\$ 3,452	\$ 448
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense .....	3,267	1,657	11,377	16
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds .....	(21,879)	681	52	514
Notes/Accrued Interest Receivables .....	—	—	—	—
Inventories .....	465	228	(235)	—
Prepaid Items/Deferred Charges .....	(667)	—	(941)	(181)
Accrued Liabilities/Due to Other Funds .....	14,232	238	(1,474)	1,619
Unearned Revenue/Deposits .....	(115)	—	(30)	(299)
Notes Payable .....	—	(36)	—	—
Policy Claims Liabilities .....	—	—	—	(1,970)
Net Cash Provided (Used) by Operating Activities .....	<u>\$ (8,398)</u>	<u>\$ 2,745</u>	<u>\$ 12,201</u>	<u>\$ 147</u>
 <b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Increase (Decrease) in Fair Value of Investments .....	\$ —	\$ —	\$ —	\$ (12)
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (12)</u>

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<u>Property Management</u>	<u>Transportation Infrastructure Loan Fund</u>	<u>Human Resource Management</u>	<u>Total</u>
\$ (674)	\$ 18	\$ 375	\$ (105)
39	—	—	16,356
(698)	—	(4)	(21,334)
—	(850)	—	(850)
—	—	—	458
6	—	—	(1,783)
481	—	462	15,558
—	—	—	(444)
—	—	—	(36)
—	—	—	(1,970)
<u>\$ (846)</u>	<u>\$ (832)</u>	<u>\$ 833</u>	<u>\$ 5,850</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (12)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (12)</u>



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## **Fiduciary Funds**

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### **PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

#### **Defined Benefit Pension Plans and Defined Contribution Plans**

These funds are used to account for the various pension trust funds and defined contribution plans administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

#### **State Post-Retirement Benefits Trust Fund**

The State administers this defined benefit Other Postemployment Benefit Plan (OPEB Plan) as an irrevocable trust. This trust accounts for the assets accumulated and the payments made for other postemployment benefits provided to current and future state retirees. Funding comes from employer contributions and investment earnings.

### **PRIVATE PURPOSE TRUST FUNDS**

#### **Utah Navajo Trust**

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

#### **Unclaimed Property Trust**

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Uniform School Fund and are used to fund public education.

#### **Employers' Reinsurance Trust**

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net assets of the fund are held in trust for injured workers and cannot be used for any other purpose.

#### **Petroleum Storage Tank Trust**

This fund is used to pay the costs of damage caused by petroleum storage tank releases. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net assets of this fund are held in trust for the benefit of participants and cannot be used for any other purpose.

#### **Utah Educational Savings Plan Trust**

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

#### **Miscellaneous Restricted Trust**

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

### **AGENCY FUNDS**

#### **Taxes and Social Security**

This fund is used to account for federal withholding and social security taxes on the State's payroll.

#### **County and Local Collections**

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

#### **State Courts**

This fund receives and disburses various fines and forfeitures collected by the State Courts on behalf of state and local agencies.

#### **Deposits, Suspense, and Miscellaneous**

This fund is made up of small individual funds set up to account for various receipts and disbursements.

**State of Utah****Combining Statement Of Fiduciary Net Assets  
Pension And  
Other Employee Benefit Trust Funds**

June 30, 2007

(Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Fire-fighters System
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 1,709,160	\$ 120,460	\$ 213,804	\$ 83,834
Receivables:				
Member Contributions .....	—	422	238	361
Employer Contributions .....	29,237	618	3,452	—
Court Fees and Fire Insurance Premiums .....	—	—	—	—
Investments .....	213,272	15,053	26,715	10,476
Total Receivables .....	242,509	16,093	30,405	10,837
Due From Other Funds .....	—	—	—	—
Investments:				
Debt Securities .....	3,635,115	256,560	455,339	178,550
Equity Investments .....	7,819,250	551,866	979,451	384,066
Absolute Return .....	955,173	67,414	119,647	46,917
Private Equity .....	640,101	45,177	80,179	31,440
Real Estate .....	2,655,646	187,430	332,650	130,441
Mortgage Loans .....	5,461	386	685	268
Invested Securities Lending Collateral .....	1,747,987	123,369	218,956	85,858
Investment Contracts .....	—	—	—	—
Total Investments .....	17,458,733	1,232,202	2,186,907	857,540
Capital Assets:				
Land .....	1,420	100	178	69
Buildings and Improvements .....	8,973	631	1,123	437
Machinery and Equipment .....	2,551	179	319	124
Less Accumulated Depreciation .....	(11,322)	(796)	(1,417)	(551)
Total Capital Assets .....	1,622	114	203	79
Total Assets .....	19,412,024	1,368,869	2,431,319	952,290
<b>LIABILITIES</b>				
Accounts Payable .....	818,992	57,632	102,283	42,233
Securities Lending Liability .....	1,747,987	123,369	218,956	85,858
Leave/Postemployment Benefits .....	6,081	429	762	299
Insurance Reserves .....	4,999	353	626	245
Real Estate Liabilities .....	1,015,482	71,670	127,200	49,879
Total Liabilities .....	3,593,541	253,453	449,827	178,514
<b>NET ASSETS</b>				
Held in trust for:				
Pension Benefits .....	15,818,483	1,115,416	1,981,492	773,776
Other Postemployment Benefits .....	—	—	—	—
Defined Contribution .....	—	—	—	—
Total Net Assets .....	\$ 15,818,483	\$ 1,115,416	\$ 1,981,492	\$ 773,776

Pension Trust		Defined Contribution Plans				State Post-Retirement Benefits Trust	Total
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement		
\$ 13,851	\$ 1,316	\$ 5,081	\$ 375	\$ 30	\$ 129	\$ 13	\$ 2,148,053
—	—	—	—	—	—	—	1,021
46	—	—	—	—	—	—	33,353
124	—	—	—	—	—	—	124
1,731	164	48,426	3,067	—	—	—	318,904
1,901	164	48,426	3,067	0	0	0	353,402
—	—	—	—	—	—	1,997	1,997
29,499	2,800	741,381	79,540	5,837	—	22,354	5,406,975
63,453	6,023	1,568,028	161,899	10,159	—	4,990	11,549,185
7,751	736	—	—	—	—	—	1,197,638
5,194	493	—	—	—	—	—	802,584
21,550	2,046	—	—	—	—	—	3,329,763
44	4	—	—	—	—	—	6,848
14,185	1,346	58,796	5,204	636	—	—	2,256,337
—	—	29,800	14,118	—	—	—	43,918
141,676	13,448	2,398,005	260,761	16,632	0	27,344	24,593,248
11	1	—	—	—	—	—	1,779
72	5	—	—	—	—	—	11,241
21	2	—	—	—	—	—	3,196
(91)	(7)	—	—	—	—	—	(14,184)
13	1	0	0	0	0	0	2,032
157,441	14,929	2,451,512	264,203	16,662	129	29,354	27,098,732
6,626	629	4,160	184	10	—	1,312	1,034,061
14,185	1,346	58,796	5,204	636	—	—	2,256,337
49	5	—	—	—	—	—	7,625
41	4	—	—	—	—	—	6,268
8,241	782	—	—	—	—	—	1,273,254
29,142	2,766	62,956	5,388	646	0	1,312	4,577,545
128,299	12,163	—	—	—	—	—	19,829,629
—	—	—	—	—	—	28,042	28,042
—	—	2,388,556	258,815	16,016	129	—	2,663,516
\$ 128,299	\$ 12,163	\$ 2,388,556	\$ 258,815	\$ 16,016	\$ 129	\$ 28,042	\$ 22,521,187

**State of Utah****Combining Statement Of Changes In Fiduciary Net Assets  
Pension And  
Other Employee Benefit Trust Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Pension Trust</b>			
	<b>Non-Contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Fire-fighters System</b>
<b>ADDITIONS</b>				
Contributions:				
Member .....	\$ 22,646	\$ 9,534	\$ 4,567	\$ 7,761
Employer .....	440,421	10,737	70,466	—
Court Fees and Fire Insurance Premiums .....	—	—	—	9,518
Total Contributions .....	<u>463,067</u>	<u>20,271</u>	<u>75,033</u>	<u>17,279</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments .....	1,616,573	116,013	202,046	79,402
Interest, Dividends, and Other Investment Income .....	434,606	31,189	54,320	21,347
Less Investment Expenses .....	(44,441)	(3,190)	(5,553)	(2,183)
Net Investment Income .....	<u>2,006,738</u>	<u>144,012</u>	<u>250,813</u>	<u>98,566</u>
Transfers From Affiliated Systems .....	112	—	3,284	1,825
Total Additions .....	<u>2,469,917</u>	<u>164,283</u>	<u>329,130</u>	<u>117,670</u>
<b>DEDUCTIONS</b>				
Retirement Benefits .....	450,659	39,635	69,721	23,122
Cost of Living Benefits .....	82,589	18,002	12,237	5,806
Supplemental Retirement Benefits .....	—	909	541	569
Retiree Healthcare Benefits .....	—	—	—	—
Refunds/Plan Distributions .....	2,763	1,789	562	114
Administrative Expenses .....	7,862	576	1,028	345
Transfers To Affiliated Systems .....	—	6,481	—	—
Total Deductions .....	<u>543,873</u>	<u>67,392</u>	<u>84,089</u>	<u>29,956</u>
Change in Net Assets Held in Trust for:				
Pension Benefits .....	1,926,044	96,891	245,041	87,714
Other Postemployment Benefits .....	—	—	—	—
Defined Contribution .....	—	—	—	—
Net Assets – Beginning .....	13,892,439	1,018,525	1,736,451	686,062
Net Assets – Ending .....	<u>\$ 15,818,483</u>	<u>\$ 1,115,416</u>	<u>\$ 1,981,492</u>	<u>\$ 773,776</u>

Pension Trust		Defined Contribution Plans				State Post-Retirement Benefits Trust	Total
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement		
\$ 10	\$ —	\$ 193,515	\$ 23,282	\$ 8,420	\$ —	\$ —	\$ 269,735
995	—	—	—	—	161	51,124	573,904
1,723	—	—	—	—	—	—	11,241
<u>2,728</u>	<u>0</u>	<u>193,515</u>	<u>23,282</u>	<u>8,420</u>	<u>161</u>	<u>51,124</u>	<u>854,880</u>
13,121	1,280	224,611	23,555	1,358	2	23	2,277,984
3,527	344	4,538	905	1	—	745	551,522
(361)	(35)	(2,481)	(250)	(15)	—	—	(58,509)
<u>16,287</u>	<u>1,589</u>	<u>226,668</u>	<u>24,210</u>	<u>1,344</u>	<u>2</u>	<u>768</u>	<u>2,770,997</u>
1,242	18	—	—	—	—	—	6,481
<u>20,257</u>	<u>1,607</u>	<u>420,183</u>	<u>47,492</u>	<u>9,764</u>	<u>163</u>	<u>51,892</u>	<u>3,632,358</u>
4,167	594	—	—	—	—	—	587,898
1,084	164	—	—	—	—	—	119,882
—	—	—	—	—	—	—	2,019
—	—	—	—	—	—	23,850	23,850
—	—	130,718	18,138	1,299	34	—	155,417
60	5	5,371	570	32	—	—	15,849
—	—	—	—	—	—	—	6,481
<u>5,311</u>	<u>763</u>	<u>136,089</u>	<u>18,708</u>	<u>1,331</u>	<u>34</u>	<u>23,850</u>	<u>911,396</u>
14,946	844	—	—	—	—	—	2,371,480
—	—	—	—	—	—	28,042	28,042
—	—	284,094	28,784	8,433	129	—	321,440
<u>113,353</u>	<u>11,319</u>	<u>2,104,462</u>	<u>230,031</u>	<u>7,583</u>	<u>—</u>	<u>—</u>	<u>19,800,225</u>
<u>\$ 128,299</u>	<u>\$ 12,163</u>	<u>\$ 2,388,556</u>	<u>\$ 258,815</u>	<u>\$ 16,016</u>	<u>\$ 129</u>	<u>\$ 28,042</u>	<u>\$ 22,521,187</u>

**State of Utah****Combining Statement Of Fiduciary Net Assets  
Private Purpose Trust Funds**

June 30, 2007

(Expressed in Thousands)

	<b>Utah Navajo Trust</b>	<b>Unclaimed Property Trust</b>	<b>Employers' Reinsurance Trust</b>	<b>Petroleum Storage Tank Trust</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 3,468	\$ —	\$ 36,931	\$ 560
Receivables:				
Accounts .....	1,508	—	4,646	3
Accrued Assessments .....	—	—	11,272	—
Due From Other Funds .....	23	—	—	—
Investments:				
Debt Securities .....	16,714	19,018	89,788	16,353
Equity Investments .....	101	34,459	12,985	—
Total Investments .....	<u>16,815</u>	<u>53,477</u>	<u>102,773</u>	<u>16,353</u>
Capital Assets:				
Land .....	260	—	—	—
Buildings and Improvements .....	4,566	—	—	—
Machinery and Equipment .....	173	—	—	—
Construction in Progress .....	378	—	—	—
Less Accumulated Depreciation .....	(1,519)	—	—	—
Total Capital Assets .....	<u>3,858</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets .....	<u>25,672</u>	<u>53,477</u>	<u>155,622</u>	<u>16,916</u>
<b>LIABILITIES</b>				
Accounts Payable .....	66	218	31	693
Due To Other Funds .....	3,705	—	—	4
Unearned Revenue .....	—	—	—	286
Policy Claims Liabilities .....	—	—	229,892	48,775
Total Liabilities .....	<u>3,771</u>	<u>218</u>	<u>229,923</u>	<u>49,758</u>
<b>NET ASSETS</b>				
Held in trust for:				
Individuals, Organizations, and Other Governments .....	21,901	53,259	(74,301)	(32,842)
Total Net Assets .....	<u>\$ 21,901</u>	<u>\$ 53,259</u>	<u>\$ (74,301)</u>	<u>\$ (32,842)</u>

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<b>Utah Educational Savings Plan Trust</b>	<b>Miscellaneous Restricted Trust</b>	<b>Total</b>
\$ 2,226	\$ 11,028	\$ 54,213
1	—	6,158
—	—	11,272
—	607	630
485,016	7,325	634,214
1,808,109	—	1,855,654
<u>2,293,125</u>	<u>7,325</u>	<u>2,489,868</u>
—	—	260
—	—	4,566
614	—	787
—	—	378
(418)	—	(1,937)
<u>196</u>	<u>0</u>	<u>4,054</u>
<u>2,295,548</u>	<u>18,960</u>	<u>2,566,195</u>
372	654	2,034
—	2,696	6,405
—	—	286
—	—	278,667
<u>372</u>	<u>3,350</u>	<u>287,392</u>
2,295,176	15,610	2,278,803
<u>\$ 2,295,176</u>	<u>\$ 15,610</u>	<u>\$ 2,278,803</u>



**State of Utah****Combining Statement Of Changes In Fiduciary Net Assets  
Private Purpose Trust Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Utah Navajo Trust</b>	<b>Unclaimed Property Trust</b>	<b>Employers' Reinsurance Trust</b>	<b>Petroleum Storage Tank Trust</b>
<b>ADDITIONS</b>				
Contributions:				
Member .....	\$ —	\$ —	\$ —	\$ —
Total Contributions .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments .....	2	1,231	2,216	1
Interest, Dividends, and Other Investment Income .....	<u>862</u>	<u>2</u>	<u>4,280</u>	<u>838</u>
Total Investment Income .....	<u>864</u>	<u>1,233</u>	<u>6,496</u>	<u>839</u>
Other Additions:				
Escheats .....	—	19,229	—	—
Royalties and Rents .....	4,017	—	—	—
Fees, Assessments, and Revenues .....	618	—	50,584	6,519
Miscellaneous .....	<u>—</u>	<u>—</u>	<u>32,397</u>	<u>9,720</u>
Total Other .....	<u>4,635</u>	<u>19,229</u>	<u>82,981</u>	<u>16,239</u>
Total Additions .....	<u>5,499</u>	<u>20,462</u>	<u>89,477</u>	<u>17,078</u>
<b>DEDUCTIONS</b>				
Trust Operating Expenses .....	5,246	—	—	—
Distributions and Benefit Payments .....	—	6,012	—	—
Administrative and General Expenses .....	<u>523</u>	<u>3,929</u>	<u>1,447</u>	<u>1,405</u>
Total Deductions .....	<u>5,769</u>	<u>9,941</u>	<u>1,447</u>	<u>1,405</u>
Change in Net Assets Held in Trust for:				
Individuals, Organizations, and Other Governments .....	(270)	10,521	88,030	15,673
Net Assets – Beginning .....	<u>22,171</u>	<u>42,738</u>	<u>(162,331)</u>	<u>(48,515)</u>
Net Assets – Ending .....	<u>\$ 21,901</u>	<u>\$ 53,259</u>	<u>\$ (74,301)</u>	<u>\$ (32,842)</u>

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<b>Utah Educational Savings Plan Trust</b>	<b>Miscellaneous Restricted Trust</b>	<b>Total</b>
<u>\$ 500,348</u>	<u>\$ 8,415</u>	<u>\$ 508,763</u>
<u>500,348</u>	<u>8,415</u>	<u>508,763</u>
245,843	—	249,293
<u>56,659</u>	<u>414</u>	<u>63,055</u>
<u>302,502</u>	<u>414</u>	<u>312,348</u>
—	—	19,229
—	—	4,017
—	24,338	82,059
<u>—</u>	<u>4,431</u>	<u>46,548</u>
<u>0</u>	<u>28,769</u>	<u>151,853</u>
<u>802,850</u>	<u>37,598</u>	<u>972,964</u>
—	27,132	32,378
44,330	7,796	58,138
<u>3,318</u>	<u>1,596</u>	<u>12,218</u>
<u>47,648</u>	<u>36,524</u>	<u>102,734</u>
755,202	1,074	870,230
<u>1,539,974</u>	<u>14,536</u>	<u>1,408,573</u>
<u>\$ 2,295,176</u>	<u>\$ 15,610</u>	<u>\$ 2,278,803</u>

**State of Utah****Combining Statement Of Fiduciary Assets and Liabilities  
Agency Funds**

June 30, 2007

(Expressed in Thousands)

	<b>Taxes and Social Security</b>	<b>County and Local Collections</b>	<b>State Courts</b>	<b>Deposits, Suspense, and Miscellaneous</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 19	\$115,652	\$ 32,982	\$ 7,645	\$156,298
Accounts Receivable .....	—	750	—	1,325	2,075
Due From Other Funds .....	—	12	—	472	484
Investments:					
Debt Securities .....	—	24	—	22,576	22,600
Total Investments .....	0	24	0	22,576	22,600
Total Assets .....	<u>\$ 19</u>	<u>\$116,438</u>	<u>\$ 32,982</u>	<u>\$ 32,018</u>	<u>\$181,457</u>
<b>LIABILITIES</b>					
Due To Individuals, Organizations, and Other Governments .....	\$ 19	\$116,438	\$ 32,982	\$ 32,018	\$181,457
Total Liabilities .....	<u>\$ 19</u>	<u>\$116,438</u>	<u>\$ 32,982</u>	<u>\$ 32,018</u>	<u>\$181,457</u>

**State of Utah****Combining Statement Of Changes  
In Assets And Liabilities  
Agency Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
<b>TAXES AND SOCIAL SECURITY</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 40	\$ 213,056	\$ 213,077	\$ 19
Total Assets .....	<u>\$ 40</u>	<u>\$ 213,056</u>	<u>\$ 213,077</u>	<u>\$ 19</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 40	\$ 213,062	\$ 213,083	\$ 19
Total Liabilities .....	<u>\$ 40</u>	<u>\$ 213,062</u>	<u>\$ 213,083</u>	<u>\$ 19</u>
<b>COUNTY AND LOCAL COLLECTIONS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 100,844	\$ 1,285,491	\$ 1,270,683	\$ 115,652
Investments .....	11	1,835	1,822	24
Receivables:				
Accounts Receivable .....	207	752	209	750
Due From Other Funds .....	—	12	—	12
Total Assets .....	<u>\$ 101,062</u>	<u>\$ 1,288,090</u>	<u>\$ 1,272,714</u>	<u>\$ 116,438</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 101,062	\$ 1,311,560	\$ 1,296,184	\$ 116,438
Total Liabilities .....	<u>\$ 101,062</u>	<u>\$ 1,311,560</u>	<u>\$ 1,296,184</u>	<u>\$ 116,438</u>
<b>STATE COURTS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 29,096	\$ 56,563	\$ 52,677	\$ 32,982
Due From Other Funds .....	29	—	29	—
Total Assets .....	<u>\$ 29,125</u>	<u>\$ 56,563</u>	<u>\$ 52,706</u>	<u>\$ 32,982</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 29,125	\$ 69,380	\$ 65,523	32,982
Total Liabilities .....	<u>\$ 29,125</u>	<u>\$ 69,380</u>	<u>\$ 65,523</u>	<u>\$ 32,982</u>
<b>DEPOSITS, SUSPENSE, AND MISCELLANEOUS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 11,225	\$ 667,355	\$ 670,935	\$ 7,645
Investments .....	17,236	153,429	148,089	22,576
Receivables:				
Accounts Receivable .....	282	2,813	1,770	1,325
Due From Other Funds .....	1,911	472	1,911	472
Total Assets .....	<u>\$ 30,654</u>	<u>\$ 824,069</u>	<u>\$ 822,705</u>	<u>\$ 32,018</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 30,654	\$ 591,994	\$ 590,630	32,018
Total Liabilities .....	<u>\$ 30,654</u>	<u>\$ 591,994</u>	<u>\$ 590,630</u>	<u>\$ 32,018</u>
<b>TOTAL — ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 141,205	\$ 2,222,465	\$ 2,207,372	\$ 156,298
Investments .....	17,247	155,264	149,911	22,600
Receivables:				
Accounts Receivable .....	489	3,565	1,979	2,075
Due From Other Funds .....	1,940	484	1,940	484
Total Assets .....	<u>\$ 160,881</u>	<u>\$ 2,381,778</u>	<u>\$ 2,361,202</u>	<u>\$ 181,457</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 160,881	\$ 2,185,996	\$ 2,165,420	\$ 181,457
Total Liabilities .....	<u>\$ 160,881</u>	<u>\$ 2,185,996</u>	<u>\$ 2,165,420</u>	<u>\$ 181,457</u>

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## **Nonmajor Component Units**

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### **Comprehensive Health Insurance Pool**

The Pool was created as a nonprofit quasi-governmental entity to provide access to health insurance coverage for residents of the State who are considered uninsurable. Ongoing operating costs are recovered through premium charges supplemented with appropriations from the General Fund.

### **Utah Schools for the Deaf and Blind**

The Schools were created to provide education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

### **Heber Valley Historic Railroad Authority**

The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

### **Utah State Fair Corporation**

The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

### **Colleges and Universities**

The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

- Weber State University
- Southern Utah University
- Salt Lake Community College
- Utah Valley State College
- Dixie State College of Utah
- College of Eastern Utah
- Snow College
- Utah College of Applied Technology

**State of Utah**

**Combining Statement Of Net Assets  
Nonmajor Component Units**

June 30, 2007

(Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools For the Deaf And the Blind	Heber Valley Historic Railroad Authority	Utah State Fair Corporation	Weber State University
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents .....	\$ 30,895	\$ 2,408	\$ —	\$ 478	\$ 34,463
Investments .....	—	—	—	—	8,316
Receivables:					
Accounts, net .....	40	530	11	229	5,794
Notes/Loans/Mortgages/Pledges, net .....	—	—	—	—	1,611
Accrued Interest .....	—	—	—	—	590
Due From Primary Government .....	—	480	—	—	—
Prepaid Items .....	—	—	—	64	—
Inventories .....	—	—	46	—	3,213
Deferred Charges .....	—	—	—	—	310
Total Current Assets .....	<u>30,935</u>	<u>3,418</u>	<u>57</u>	<u>771</u>	<u>54,297</u>
Noncurrent Assets:					
Restricted Investments .....	—	—	—	—	14,794
Investments .....	—	—	—	—	89,272
Notes/Loans/Mortgages/Pledges Receivables, net .....	—	—	—	—	9,288
Other Assets .....	—	—	—	—	—
Capital Assets (net of Accumulated Depreciation) .....	—	9,595	2,043	863	159,333
Total Noncurrent Assets .....	<u>0</u>	<u>9,595</u>	<u>2,043</u>	<u>863</u>	<u>272,687</u>
Total Assets .....	<u>30,935</u>	<u>13,013</u>	<u>2,100</u>	<u>1,634</u>	<u>326,984</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities .....	739	1,085	187	205	2,174
Deposits .....	—	—	—	7	—
Due To Primary Government .....	—	227	—	—	2,940
Unearned Revenue .....	207	36	—	255	4,181
Current Portion of Long-term Liabilities .....	<u>2,150</u>	<u>—</u>	<u>37</u>	<u>18</u>	<u>3,888</u>
Total Current Liabilities .....	<u>3,096</u>	<u>1,348</u>	<u>224</u>	<u>485</u>	<u>13,183</u>
Noncurrent Liabilities:					
Deposits .....	—	—	—	—	—
Due To Primary Government .....	—	—	—	—	—
Long-term Liabilities .....	—	—	170	25	39,812
Total Noncurrent Liabilities .....	<u>0</u>	<u>0</u>	<u>170</u>	<u>25</u>	<u>39,812</u>
Total Liabilities .....	<u>3,096</u>	<u>1,348</u>	<u>394</u>	<u>510</u>	<u>52,995</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt .....	—	9,595	1,836	839	121,677
Restricted for:					
Nonexpendable:					
Higher Education .....	—	—	—	—	48,459
Expendable:					
Higher Education .....	—	—	—	—	69,865
Other .....	—	—	—	36	—
Unrestricted (Deficit) .....	<u>27,839</u>	<u>2,070</u>	<u>(130)</u>	<u>249</u>	<u>33,988</u>
Total Net Assets .....	<u>\$ 27,839</u>	<u>\$ 11,665</u>	<u>\$ 1,706</u>	<u>\$ 1,124</u>	<u>\$ 273,989</u>

Southern Utah University	Salt Lake Community College	Utah Valley State College	Dixie State College of Utah	College of Eastern Utah	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
\$ 13,515 6,674	\$ 70,554 3,327	\$ 46,460 1,165	\$ 16,799 1,827	\$ 621 —	\$ 9,920 —	\$ 11,482 160	\$ 237,595 21,469
2,045	7,761	5,484	1,609	2,587	514	4,061	30,665
1,879	920	1,116	368	22	143	770	6,829
115	—	—	—	15	39	—	759
—	—	—	—	—	—	—	480
3,082	150	741	111	86	27	179	4,440
1,232	3,331	1,488	1,092	450	631	2,033	13,516
—	—	—	—	—	—	—	310
<u>28,542</u>	<u>86,043</u>	<u>56,454</u>	<u>21,806</u>	<u>3,781</u>	<u>11,274</u>	<u>18,685</u>	<u>316,063</u>
13,119	9,820	16,915	151	17,285	5,850	605	78,539
7,129	4,022	—	20,361	188	3,797	957	125,726
1,984	3,692	2,336	3,344	256	524	115	21,539
—	610	6,539	—	—	—	—	7,149
<u>97,490</u>	<u>175,181</u>	<u>167,607</u>	<u>72,139</u>	<u>43,150</u>	<u>71,035</u>	<u>77,477</u>	<u>875,913</u>
<u>119,722</u>	<u>193,325</u>	<u>193,397</u>	<u>95,995</u>	<u>60,879</u>	<u>81,206</u>	<u>79,154</u>	<u>1,108,866</u>
<u>148,264</u>	<u>279,368</u>	<u>249,851</u>	<u>117,801</u>	<u>64,660</u>	<u>92,480</u>	<u>97,839</u>	<u>1,424,929</u>
2,320	8,669	5,821	1,738	502	455	3,918	27,813
306	—	412	114	—	181	55	1,075
651	362	188	138	431	30	83	5,050
3,762	5,073	3,015	304	97	525	442	17,897
<u>2,482</u>	<u>3,902</u>	<u>4,493</u>	<u>1,661</u>	<u>234</u>	<u>468</u>	<u>1,162</u>	<u>20,495</u>
<u>9,521</u>	<u>18,006</u>	<u>13,929</u>	<u>3,955</u>	<u>1,264</u>	<u>1,659</u>	<u>5,660</u>	<u>72,330</u>
—	584	—	—	126	92	—	802
—	—	—	—	1,142	293	—	1,435
<u>14,726</u>	<u>11,379</u>	<u>28,212</u>	<u>11,734</u>	<u>531</u>	<u>3,175</u>	<u>8,945</u>	<u>118,709</u>
<u>14,726</u>	<u>11,963</u>	<u>28,212</u>	<u>11,734</u>	<u>1,799</u>	<u>3,560</u>	<u>8,945</u>	<u>120,946</u>
<u>24,247</u>	<u>29,969</u>	<u>42,141</u>	<u>15,689</u>	<u>3,063</u>	<u>5,219</u>	<u>14,605</u>	<u>193,276</u>
83,752	164,586	139,653	62,009	41,818	68,705	70,436	764,906
9,233	2,857	10,438	20,372	2,133	5,850	1,127	100,469
13,248	18,425	25,271	10,208	14,662	3,192	3,332	158,203
—	—	—	—	—	—	—	36
<u>17,784</u>	<u>63,531</u>	<u>32,348</u>	<u>9,523</u>	<u>2,984</u>	<u>9,514</u>	<u>8,339</u>	<u>208,039</u>
<u>\$ 124,017</u>	<u>\$ 249,399</u>	<u>\$ 207,710</u>	<u>\$ 102,112</u>	<u>\$ 61,597</u>	<u>\$ 87,261</u>	<u>\$ 83,234</u>	<u>\$ 1,231,653</u>



**State of Utah****Combining Statement Of Activities  
Nonmajor Component Units**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Comprehensive Health Insurance Pool</b>	<b>Utah Schools For the Deaf And the Blind</b>	<b>Heber Valley Historic Railroad Authority</b>	<b>Utah State Fair Corporation</b>	<b>Weber State University</b>
Expenses .....	\$ 24,071	\$ 27,305	\$ 2,457	\$ 3,983	\$ 158,308
Program Revenues:					
Charges for Services:					
Tuition and Fees .....	—	—	2,567	—	65,592
Scholarship Allowances .....	—	—	—	—	(11,875)
Sales, Services, and Other Revenues .....	17,717	4,200	—	2,932	13,365
Operating Grants and Contributions .....	242	883	—	2	37,829
Capital Grants and Contributions .....	—	—	—	—	9,797
Total Program Revenues .....	17,959	5,083	2,567	2,934	114,708
Net (Expenses) Revenues .....	(6,112)	(22,222)	110	(1,049)	(43,600)
General Revenues:					
State Appropriations .....	11,000	22,125	—	893	63,130
Unrestricted Investment Income .....	1,530	16	—	—	—
Permanent Endowments Contributions .....	—	—	—	—	1,915
Total General Revenues .....	12,530	22,141	0	893	65,045
Change in Net Assets .....	6,418	(81)	110	(156)	21,445
Net Assets – Beginning .....	21,421	11,746	1,596	1,280	252,544
Net Assets – Ending .....	\$ 27,839	\$ 11,665	\$ 1,706	\$ 1,124	\$ 273,989

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<b>Southern Utah University</b>	<b>Salt Lake Community College</b>	<b>Utah Valley State College</b>	<b>Dixie State College of Utah</b>	<b>College of Eastern Utah</b>	<b>Snow College</b>	<b>Utah College of Applied Technology</b>	<b>Total Nonmajor Component Units</b>
<u>\$ 84,170</u>	<u>\$ 150,599</u>	<u>\$ 172,165</u>	<u>\$ 49,940</u>	<u>\$ 28,564</u>	<u>\$ 35,001</u>	<u>\$ 72,982</u>	<u>\$ 809,545</u>
26,896	54,050	73,665	16,402	3,281	7,249	9,183	258,885
(7,085)	(7,336)	(6,748)	(2,571)	(1,742)	(2,129)	(802)	(40,288)
17,481	14,806	22,593	6,716	1,504	4,140	8,481	113,935
19,304	31,272	47,540	12,347	14,318	5,753	10,412	179,902
4,898	26,875	4,227	3,076	7,117	825	4,267	61,082
<u>61,494</u>	<u>119,667</u>	<u>141,277</u>	<u>35,970</u>	<u>24,478</u>	<u>15,838</u>	<u>31,541</u>	<u>573,516</u>
<u>(22,676)</u>	<u>(30,932)</u>	<u>(30,888)</u>	<u>(13,970)</u>	<u>(4,086)</u>	<u>(19,163)</u>	<u>(41,441)</u>	<u>(236,029)</u>
30,621	62,772	50,591	18,778	14,170	19,769	46,608	340,457
—	—	—	—	—	—	136	1,682
708	—	—	445	28	183	—	3,279
<u>31,329</u>	<u>62,772</u>	<u>50,591</u>	<u>19,223</u>	<u>14,198</u>	<u>19,952</u>	<u>46,744</u>	<u>345,418</u>
8,653	31,840	19,703	5,253	10,112	789	5,303	109,389
115,364	217,559	188,007	96,859	51,485	86,472	77,931	1,122,264
<u>\$ 124,017</u>	<u>\$ 249,399</u>	<u>\$ 207,710</u>	<u>\$ 102,112</u>	<u>\$ 61,597</u>	<u>\$ 87,261</u>	<u>\$ 83,234</u>	<u>\$ 1,231,653</u>

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**STATISTICAL SECTION**

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## STATISTICAL SECTION

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The Statistical Section provides additional historical, context, and detail to aid in using the information in the financial statements, notes to the financial statements, and required supplementary information for the primary government of the State of Utah in understanding and assessing the State's overall financial health.

### Financial Trends Information

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

Schedule A-1	Net Assets by Component .....	190
Schedule A-2	Changes in Net Assets .....	192
Schedule A-3	Fund Balances — Governmental Funds .....	196
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### Revenue Capacity Information

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

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Schedule B-2	Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases .....	202
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Schedule B-4	Personal Income Tax Rates .....	204

### Debt Capacity Information

These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

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### Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Schedule D-1	Demographic and Economic Indicators .....	213
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### Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

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Schedule E-2	Operating Indicators by Function .....	222
Schedule E-3	Capital Asset Statistics by Function .....	224

### Other Information

These graphs and schedules offer a historical view of expenditures in constant dollars.

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Schedule F-2	Per Capita Expenditures — Historical and Constant Dollars .....	227

Sources: Unless otherwise noted, the information in the following schedules is derived from the State of Utah Comprehensive Annual Financial Report.

**State of Utah****Net Assets by Component****Last Six Fiscal Years**

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt .....	\$ 7,827,247	\$ 7,661,130	\$ 7,942,495	\$ 8,197,279
Restricted <sup>1</sup> .....	776,121	973,636	1,237,258	1,518,523
Unrestricted <sup>1</sup> .....	320,613	336,129	408,145	690,177
Total Governmental Activities Net Assets .....	<u>8,923,981</u>	<u>8,970,895</u>	<u>9,587,898</u>	<u>10,405,979</u>
<b>Business-type Activities</b>				
Invested in Capital Assets, Net of Related Debt .....	21,336	22,104	24,141	28,419
Restricted <sup>2</sup> .....	916,526	814,147	807,224	928,115
Unrestricted <sup>3</sup> .....	627,668	668,198	724,154	793,099
Total Business-type Activities Net Assets .....	<u>1,565,530</u>	<u>1,504,449</u>	<u>1,555,519</u>	<u>1,749,633</u>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt .....	7,848,583	7,683,234	7,966,636	8,225,698
Restricted .....	1,692,647	1,787,783	2,044,482	2,446,638
Unrestricted .....	948,281	1,004,327	1,132,299	1,483,276
Total Primary Government Net Assets .....	<u>\$ 10,489,511</u>	<u>\$ 10,475,344</u>	<u>\$ 11,143,417</u>	<u>\$ 12,155,612</u>

Notes: The State implemented GASB Statement 34 in fiscal year 2002. The government-wide schedules are effective beginning in fiscal year 2002.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

<sup>1</sup> From fiscal years 2004 to 2007, governmental activities' restricted and unrestricted net assets increased due to higher tax revenues from a strengthening economy.

<sup>2</sup> From fiscal years 2003 to 2004, business-type activities' restricted net assets decreased primarily due to unemployment claims exceeding related revenue.

<sup>3</sup> In fiscal year 2006, business-type activities' unrestricted net assets increased primarily due to the State adding additional capital to the Community Impact Loan Fund from increased mineral lease revenues.

## Schedule A-1

---

Fiscal Year	
2006	2007
\$ 8,719,751	\$ 9,465,667
2,379,269	3,043,599
856,207	1,163,548
<u>11,955,227</u>	<u>13,672,814</u>
32,068	13,008
1,139,691	1,334,737
893,118	971,435
<u>2,064,877</u>	<u>2,319,180</u>
8,751,819	9,478,675
3,518,960	4,378,336
1,749,325	2,134,983
<u>\$ 14,020,104</u>	<u>\$ 15,991,994</u>



**State of Utah****Changes in Net Assets****Last Six Fiscal Years**

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Expenses</b>				
General Government .....	\$ 218,758	\$ 194,211	\$ 187,544	\$ 240,091
Human Services and Youth Corrections .....	539,028	538,492	576,276	573,154
Corrections, Adult .....	191,642	184,805	197,043	195,716
Public Safety .....	154,257	127,861	150,772	162,922
Courts .....	104,979	106,045	97,894	98,319
Health and Environmental Quality <sup>1</sup> .....	1,062,393	1,177,121	1,341,059	1,461,016
Higher Education .....	704,595	647,572	781,468	694,732
Employment and Family Services .....	324,113	352,082	384,457	409,334
Natural Resources .....	114,083	119,528	119,188	121,714
Community and Culture .....	91,083	90,794	88,339	86,065
Business, Labor and Agriculture .....	66,215	66,965	72,693	84,992
Public Education <sup>2</sup> .....	1,999,112	1,981,119	2,033,153	2,169,071
Transportation .....	541,547	523,591	538,525	579,914
Interest and Other Charges on Long-Term Debt .....	68,964	73,835	75,935	76,382
Total Expenses .....	6,180,769	6,184,021	6,644,346	6,953,422
<b>Program Revenues</b>				
Charges for Services:				
General Government .....	77,155	84,500	96,780	99,303
Human Services and Youth Corrections .....	13,304	17,182	11,918	13,193
Corrections, Adult .....	7,452	6,235	7,260	2,138
Public Safety .....	28,348	28,471	31,147	31,594
Courts .....	34,977	29,221	32,991	46,468
Health and Environmental Quality .....	87,120	74,087	84,251	108,406
Higher Education .....	714	676	231	282
Employment and Family Services .....	7,366	5,397	9,139	6,414
Natural Resources .....	40,660	35,353	41,554	44,842
Community and Culture .....	4,579	4,807	1,427	4,420
Business, Labor and Agriculture .....	46,230	50,318	55,906	61,637
Public Education .....	35,859	38,604	38,209	59,213
Transportation .....	123,934	97,759	134,123	137,934
Operating Grants and Contributions .....	1,794,902	2,034,177	2,347,065	2,436,116
Capital Grants and Contributions .....	109,751	123,883	105,149	124,836
Total Program Revenues .....	2,412,351	2,630,670	2,997,150	3,176,796
Net Program (Expense) —				
Governmental Activities .....	(3,768,418)	(3,553,351)	(3,647,196)	(3,776,626)
<b>General Revenues and Other Changes in Net Assets</b>				
Taxes:				
Sales Tax and Use Tax <sup>3</sup> .....	1,470,175	1,488,452	1,547,174	1,697,720
Individual Income Tax Imposed for Education <sup>3</sup> .....	1,473,341	1,604,618	1,760,844	2,001,286
Corporate Tax Imposed for Education <sup>3</sup> .....	124,333	160,705	165,921	209,403
Motor and Special Fuel Taxes				
Imposed for Transportation .....	329,296	317,536	332,673	335,625
Other Taxes .....	201,586	213,613	234,777	275,755
Unrestricted Investment Income .....	11,914	9,152	7,818	17,690
Gain on Sale of Capital Assets .....	19,642	15,412	13,072	23,010
Federal Appropriation—Jobs and Growth Relief .....	—	37,970	37,970	—
Miscellaneous .....	40,670	34,733	30,117	24,781
Special Item—Distribution to Local Governments .....	(29,772)	—	—	—
Transfers—Internal Activities .....	26,358	24,237	13,408	9,437
Prior Period Adjustments and Restatements .....	(61,189)	(306,163)	120,425	—
Total General Revenues and				
Other Changes in Net Assets .....	3,606,354	3,600,265	4,264,199	4,594,707
Change in Net Assets — Governmental				
Activities — Increase (Decrease) .....	(162,064)	46,914	617,003	818,081

## Schedule A-2

Fiscal Year	
2006	2007
\$ 289,749	\$ 328,779
595,337	634,265
208,922	237,305
182,042	172,912
109,180	115,811
1,635,544	1,620,936
810,228	824,503
405,845	393,938
133,441	174,711
84,843	108,110
90,573	92,441
2,321,139	2,548,391
640,251	702,833
70,345	64,019
<u>7,577,439</u>	<u>8,018,954</u>
121,067	156,111
11,073	10,889
4,483	4,624
32,777	43,806
47,330	46,158
98,296	84,938
115	235
8,492	3,532
50,308	45,367
5,368	4,833
64,098	63,240
85,867	69,471
175,821	199,277
2,744,231	2,769,644
100,519	122,939
<u>3,549,845</u>	<u>3,625,064</u>
<u>(4,027,594)</u>	<u>(4,393,890)</u>
1,921,048	2,131,958
2,496,911	2,667,207
379,801	412,720
356,176	353,107
316,980	320,204
46,856	89,795
46,084	52,139
—	—
31,999	37,569
—	—
(19,013)	46,778
<u>—</u>	<u>—</u>
<u>5,576,842</u>	<u>6,111,477</u>
<u>1,549,248</u>	<u>1,717,587</u>

Continues

**State of Utah****Changes in Net Assets****Last Six Fiscal Years**

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Expenses</b>				
Student Assistance Programs .....	\$ 79,666	\$ 86,995	\$ 82,406	\$ 95,495
Unemployment Compensation <sup>4</sup> .....	272,924	307,834	242,828	142,632
Water Loan Programs .....	6,181	7,074	6,730	8,648
Other Business-type Activities .....	122,694	123,706	131,164	141,374
Total Expenses .....	<u>481,465</u>	<u>525,609</u>	<u>463,128</u>	<u>388,149</u>
<b>Program Revenues</b>				
Charges for Services:				
Student Assistance Programs .....	75,836	73,685	72,823	87,375
Unemployment Compensation .....	84,611	108,130	158,466	221,298
Water Loan Programs .....	9,132	8,975	9,160	9,796
Other Business-type Activities .....	159,703	162,348	176,379	189,114
Operating Grants and Contributions .....	163,584	130,235	92,141	65,173
Total Program Revenues .....	<u>492,866</u>	<u>483,373</u>	<u>508,969</u>	<u>572,756</u>
Net Program Revenue (Expense) —				
Business-type Activities .....	<u>11,401</u>	<u>(42,236)</u>	<u>45,841</u>	<u>184,607</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Taxes:				
Sales Tax and Use Tax .....	16,343	2,180	14,402	14,874
Unrestricted Investment Income .....	3,648	2,248	1,627	3,844
Gain on Sale of Capital Assets .....	2,347	—	—	226
Miscellaneous .....	—	—	—	—
Federal Appropriation—Jobs and Growth Relief .....	—	964	462	—
Transfers—Internal Activities .....	(26,358)	(24,237)	(13,408)	(9,437)
Prior Period Adjustments and Restatements .....	100	—	2,146	—
Total General Revenues and				
Other Changes in Net Assets .....	<u>(3,920)</u>	<u>(18,845)</u>	<u>5,229</u>	<u>9,507</u>
Change in Net Assets — Business-type				
Activities – Increase (Decrease) .....	<u>7,481</u>	<u>(61,081)</u>	<u>51,070</u>	<u>194,114</u>
Total Primary Government Change in Net Assets .....	<u>\$ (154,583)</u>	<u>\$ (14,167)</u>	<u>\$ 668,073</u>	<u>\$ 1,012,195</u>

Notes: The State implemented GASB Statement 34 in fiscal year 2002. The government-wide schedules are effective beginning in fiscal year 2002.

Legislative action created the Governor's Office of Economic Development in fiscal year 2006; this action moved activity from the community and culture function to the general government function.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

<sup>1</sup> Expenses for health and environmental quality have increased over the last six fiscal years due to rising Medicaid program costs.

<sup>2</sup> From fiscal years 2005 to 2007 public education expenses increased for enrollment growth and increased costs related to benefits for educators.

<sup>3</sup> From fiscal years 2005 to 2007, general tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement.

<sup>4</sup> From fiscal years 2004 to 2007 unemployment compensation expenses decreased, reflecting Utah's improved employment.

## Schedule A-2 (Continued)

Fiscal Year	
2006	2007
\$ 152,895	\$ 174,220
102,476	97,692
6,560	13,042
155,265	176,261
417,196	461,215
112,960	126,498
253,809	219,690
10,715	10,634
211,620	240,905
109,140	138,252
698,244	735,979
281,048	274,764
14,875	25,440
—	—
308	—
—	877
—	—
19,013	(46,778)
—	—
34,196	(20,461)
315,244	254,303
\$ 1,864,492	\$ 1,971,890

**State of Utah**

**Fund Balances — Governmental Funds**

**Last Six Fiscal Years**

(Modified Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>General Fund</b>				
Reserved .....	\$ 221,474	\$ 230,980	\$ 214,063	\$ 262,360
Unreserved <sup>1</sup> .....	146,551	156,016	271,890	391,619
Total General Fund .....	<u>368,025</u>	<u>386,996</u>	<u>485,953</u>	<u>653,979</u>
<b>All Other Governmental Funds</b>				
Reserved .....	940,566	878,603	831,812	1,048,146
Unreserved reported in:				
Special Revenue Funds .....	418,365	562,605	643,340	737,746
Capital Projects <sup>2</sup> .....	52,959	75,489	(15,380)	(71,127)
Debt Service .....	8,173	7,107	5,787	5,881
Total All Other Governmental Funds .....	<u>1,420,063</u>	<u>1,523,804</u>	<u>1,465,559</u>	<u>1,720,646</u>
Total Fund Balances — Governmental Funds .....	<u>\$ 1,788,088</u>	<u>\$ 1,910,800</u>	<u>\$ 1,951,512</u>	<u>\$ 2,374,625</u>

Notes: Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information is only available beginning in fiscal year 2002.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

<sup>1</sup> From fiscal years 2004 to 2007, general fund unreserved fund balances increased due to higher tax revenues from a strengthening economy.

<sup>2</sup> From fiscal years 2004 to 2007, unreserved fund balance for capital projects reported a deficit as a result of outstanding encumbrances. Appropriations and bond proceeds available in the following fiscal year fund the outstanding encumbrances.

### Schedule A-3

---

Fiscal Year	
2006	2007
\$ 300,497	\$ 411,600
568,639	667,972
869,136	1,079,572
1,286,583	1,558,607
1,096,485	1,473,424
(93,248)	(107,624)
14,332	17,801
2,304,152	2,942,208
\$ 3,173,288	\$ 4,021,780

**State of Utah****Changes in Fund Balances — Governmental Funds**

Last Six Fiscal Years

(Modified Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>Revenues</b>				
Sales and Use Tax <sup>1</sup> .....	\$ 1,473,479	\$ 1,481,823	\$ 1,553,909	\$ 1,699,636
Individual Income Tax <sup>1</sup> .....	1,584,546	1,587,520	1,706,774	1,946,593
Corporate Tax <sup>1</sup> .....	124,561	161,129	165,893	209,304
Motor and Special Fuels Tax .....	321,682	321,370	327,838	336,417
Other Taxes .....	201,583	213,618	234,774	275,715
Federal Contracts and Grants .....	1,856,477	2,049,922	2,295,428	2,366,786
Charges for Services/Royalties .....	256,213	244,527	286,879	330,998
Licenses, Permits, and Fees .....	98,632	101,529	103,635	121,382
Federal Mineral Lease .....	30,527	47,307	67,216	82,704
Federal Aeronautics .....	31,026	18,791	25,821	34,416
Intergovernmental .....	7,611	8,463	11,395	4,104
Investment Income <sup>2</sup> .....	(10,347)	34,626	69,314	71,538
Miscellaneous and Other .....	176,895	193,448	204,331	231,708
Total Revenues .....	<u>6,152,885</u>	<u>6,464,073</u>	<u>7,053,207</u>	<u>7,711,301</u>
<b>Expenditures</b>				
General Government .....	179,769	170,666	176,907	178,891
Human Services and Youth Corrections .....	531,290	533,898	553,136	576,871
Corrections, Adult .....	185,471	179,115	188,951	198,030
Public Safety .....	150,715	125,517	150,353	163,072
Courts .....	107,255	98,784	102,302	107,807
Health and Environmental Quality <sup>3</sup> .....	1,058,291	1,175,092	1,342,903	1,461,618
Higher Education—State Administration .....	42,155	34,891	32,827	39,121
Higher Education—Colleges and Universities .....	610,837	597,477	614,922	637,087
Employment and Family Services .....	321,154	363,116	394,926	417,037
Natural Resources .....	121,072	134,247	121,461	123,195
Community and Culture .....	91,014	91,986	89,051	87,621
Business, Labor, and Agriculture .....	63,940	66,382	72,124	85,115
Public Education <sup>4</sup> .....	1,998,450	1,979,880	2,033,259	2,168,896
Transportation .....	848,617	756,634	811,088	832,285
Capital Outlay .....	112,569	205,861	173,869	139,488
Debt Service — Principal Retirement .....	104,298	109,653	124,498	183,911
Debt Service — Interest and Other Charges .....	70,890	79,367	87,462	89,768
Total Expenditures .....	<u>6,597,787</u>	<u>6,702,566</u>	<u>7,070,039</u>	<u>7,489,813</u>
Revenues Over (Under) Expenditures .....	<u>(444,902)</u>	<u>(238,493)</u>	<u>(16,832)</u>	<u>221,488</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued .....	421,200	278,705	—	140,635
Revenue Bonds Issued .....	114,389	—	16,377	18,430
Refunding Bonds Issued .....	208,000	381,800	319,230	22,066
Premium on Bonds Issued .....	29,153	87,756	35,729	12,039
Payment of Current Bond Refunding .....	(208,000)	(150,000)	(5,050)	—
Payment to Refunded Bond Escrow Agent .....	—	(279,369)	(349,244)	(23,212)
Capital Leases/Contracts Issued .....	—	—	11,498	—
Sale of Capital Assets .....	16,115	15,412	13,066	18,070
Transfers In .....	763,114	458,734	572,766	852,989
Transfers Out .....	(734,251)	(431,833)	(555,468)	(839,392)
Special Item — Sale of Olympic Park Facilities .....	58,512	—	—	—
Special Item — Distribution to Local Governments .....	(29,772)	—	—	—
Prior Period Adjustments and Restatements .....	—	—	(1,360)	—
Total Other Financing Sources (Uses) .....	<u>638,460</u>	<u>361,205</u>	<u>57,544</u>	<u>201,625</u>
Net Change in Fund Balances .....	<u>\$ 193,558</u>	<u>\$ 122,712</u>	<u>\$ 40,712</u>	<u>\$ 423,113</u>
Debt Service as a Percentage of Noncapital Expenditures ....	2.70%	2.91%	3.07%	3.72%

Notes: Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information is only available beginning in fiscal year 2002.

Legislative action created the Governor's Office of Economic Development in fiscal year 2006. This action moved activity from the community and culture function to the general government function.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

<sup>1</sup> From fiscal years 2005 to 2007, tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement.

## Schedule A-4

Fiscal Year	
2006	2007
\$ 1,915,600	\$ 2,109,732
2,324,365	2,589,252
379,624	411,929
344,902	366,446
316,994	320,204
2,524,022	2,480,016
405,013	412,411
113,684	120,349
156,851	145,985
37,521	44,074
9,109	23,332
116,215	240,988
239,901	261,617
<u>8,883,801</u>	<u>9,526,335</u>
239,838	268,775
593,392	627,598
205,310	229,198
179,622	172,427
114,111	119,650
1,634,619	1,620,400
43,505	49,064
675,267	708,063
413,380	406,532
140,592	171,014
85,231	108,592
89,255	91,162
2,322,871	2,547,421
975,565	1,221,371
170,748	196,126
152,746	159,862
82,690	75,149
<u>8,118,742</u>	<u>8,772,404</u>
<u>765,059</u>	<u>753,931</u>
—	—
—	—
—	—
—	—
—	—
—	—
50,679	47,193
935,723	3,721,041
(952,798)	(3,674,615)
—	—
—	—
—	—
<u>33,604</u>	<u>93,619</u>
<u>\$ 798,663</u>	<u>\$ 847,550</u>
2.96%	2.74%

<sup>2</sup> In fiscal year 2002, the decrease in fair value in investments for the permanent fund created a negative revenue.

<sup>3</sup> Expenditures for health and environmental quality have increased over the last six fiscal years due to rising Medicaid program costs.

<sup>4</sup> From fiscal years 2005 to 2007 public education expenditures increased for enrollment growth and increased costs related to benefits for educators.



## State of Utah

### Revenue Base

#### Last Ten Calendar Years

(Expressed in Thousands)

	Calendar Year			
	1997	1998	1999	2000
<b>Taxable Sales, Services, and Use Tax Purchases</b>				
Agriculture, Forestry, and Fishing .....	\$ 25,784	\$ 22,612	\$ 26,499	\$ 32,173
Mining .....	245,303	259,042	180,267	202,157
Construction .....	388,522	399,802	421,476	407,857
Manufacturing .....	1,464,211	1,601,027	1,539,452	1,543,234
Transportation .....	102,296	122,686	140,231	149,218
Communications and Utilities .....	1,960,097	2,167,105	2,252,281	2,592,628
Wholesale Trade .....	2,857,954	3,157,047	3,278,676	3,444,614
Retail .....	15,457,745	16,259,520	17,064,458	17,954,684
Finance, Insurance, and Real Estate .....	339,793	423,481	449,726	469,097
Services .....	3,383,895	3,698,830	3,900,743	4,276,454
Public Administration .....	75,837	59,288	67,973	66,505
Prior Period Payments and Refunds .....	527,266	474,869	676,759	506,392
Total Taxable Sales, Services and Use Tax Purchases .....	<u>\$ 26,828,703</u>	<u>\$ 28,645,309</u>	<u>\$ 29,998,541</u>	<u>\$ 31,645,013</u>
State Sales Tax Rate .....	4.75%	4.75%	4.75%	4.75%
<b>Personal Income by Industry</b>				
Federal Civilian .....	\$ 1,739,604	\$ 1,782,087	\$ 1,860,682	\$ 2,092,156
Federal Military .....	397,724	398,753	415,852	447,703
State and Local Government .....	4,440,950	4,797,097	5,041,634	5,361,261
Forestry, Fishing, and Related Activities .....	71,256	67,907	69,819	64,061
Mining .....	458,391	479,456	456,432	495,981
Utilities .....	330,892	338,420	319,073	335,693
Construction .....	2,527,282	2,811,796	2,996,429	3,271,568
Manufacturing .....	4,948,985	5,216,869	5,327,895	5,648,259
Wholesale Trade .....	1,587,190	1,768,414	1,925,470	2,075,701
Retail Trade .....	2,962,662	3,087,314	3,270,230	3,418,911
Transportation and Warehousing .....	1,645,533	1,774,169	1,833,166	1,957,340
Information .....	978,200	1,245,045	1,557,010	1,771,212
Financial, Insurance, Real Estate, Rental, and Leasing .....	2,455,734	2,591,372	2,926,702	3,096,721
Services .....	9,161,123	9,919,951	10,613,627	11,695,394
Farm Earnings .....	205,716	240,117	256,110	201,081
Other <sup>1</sup> .....	9,755,893	10,500,089	10,472,441	11,628,169
Total Personal Income .....	<u>\$ 43,667,135</u>	<u>\$ 47,018,856</u>	<u>\$ 49,342,572</u>	<u>\$ 53,561,211</u>
Highest Income Tax Rate .....	7.00%	7.00%	7.00%	7.00%

Sources: Taxable Sales, Services, and Use Tax Purchases — Utah State Tax Commission;

Personal Income by Industry — U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services

<sup>1</sup> Other personal income includes dividends, interest, rents, residence adjustment, government transfers to individuals, and deduction for social insurance contributions.

# Schedule B-1

Calendar Year					
2001	2002	2003	2004	2005	2006
\$ 35,596	\$ 37,667	\$ 41,251	\$ 44,957	\$ 69,102	\$ 75,432
207,660	157,344	141,246	195,448	284,634	407,292
368,364	315,095	305,795	368,876	512,075	711,035
1,587,075	1,369,021	1,392,412	1,691,533	2,027,777	2,507,326
144,106	96,434	89,823	128,218	171,898	201,036
2,966,872	2,963,647	2,833,309	3,080,330	3,248,719	3,557,949
3,278,275	3,099,989	3,105,001	3,611,473	4,265,754	5,087,766
18,472,120	19,049,964	19,559,540	21,013,848	22,897,441	25,784,902
442,357	457,361	390,057	355,012	384,754	412,926
4,267,008	4,157,216	4,005,676	4,179,256	4,747,385	5,261,263
67,043	77,846	93,453	83,973	106,941	114,007
589,713	730,567	602,479	557,951	524,772	674,846
<u>\$ 32,426,189</u>	<u>\$ 32,512,151</u>	<u>\$ 32,560,042</u>	<u>\$ 35,310,875</u>	<u>\$ 39,241,252</u>	<u>\$ 44,795,780</u>
4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
\$ 2,193,593	\$ 2,423,704	\$ 2,492,234	\$ 2,652,765	\$ 2,830,559	\$ 3,000,303
495,066	631,174	785,698	832,917	908,142	881,190
5,701,905	5,973,292	6,296,192	6,582,070	6,950,089	7,355,649
54,705	46,069	50,461	50,826	55,553	63,678
550,927	532,637	540,759	656,641	837,294	1,080,034
408,094	459,954	366,172	407,633	444,757	501,687
3,491,766	3,580,465	3,510,360	3,843,630	4,433,457	5,357,874
5,927,719	5,718,329	6,017,090	6,484,455	6,990,112	7,555,265
2,131,879	2,120,316	2,164,106	2,335,979	2,578,168	2,840,730
3,579,776	3,639,657	3,745,249	4,002,948	4,307,012	4,737,904
2,105,772	2,099,374	2,100,420	2,339,908	2,582,210	2,724,335
1,671,477	1,547,549	1,545,802	1,603,150	1,833,565	1,813,130
3,553,045	3,774,022	3,928,379	4,195,148	4,588,744	4,936,145
12,253,544	12,749,249	14,924,398	16,166,903	16,998,510	18,863,250
277,134	180,687	208,888	276,701	250,965	170,845
12,197,106	12,695,237	10,735,870	11,181,592	13,577,732	14,031,484
<u>\$ 56,593,508</u>	<u>\$ 58,171,715</u>	<u>\$ 59,412,078</u>	<u>\$ 63,613,266</u>	<u>\$ 70,166,869</u>	<u>\$ 75,913,503</u>
7.00%	7.00%	7.00%	7.00%	7.00%	6.98%

**Revenue Payers by Industry —  
Taxable Sales, Services, and Use Tax Purchases  
Most Current Calendar Year and Historical Comparison**

**Schedule B-2**

(Dollars Expressed in Thousands)

	Calendar Year 1997				Calendar Year 2006			
	<b>Number of Outlets</b>	<b>Percent of Total</b>	<b>Taxable Sales and Purchases</b>	<b>Percent of Total</b>	<b>Number of Outlets</b>	<b>Percent of Total</b>	<b>Taxable Sales and Purchases</b>	<b>Percent of Total</b>
Agriculture, Forestry, and Fishing ..	348	0.6%	\$ 25,784	0.1%	682	0.6%	\$ 75,432	0.2%
Mining .....	223	0.4%	245,303	0.9%	332	0.3%	407,292	0.9%
Construction .....	1,358	2.3%	388,522	1.4%	2,159	2.0%	711,035	1.6%
Manufacturing .....	3,783	6.5%	1,464,211	5.5%	7,484	6.9%	2,507,326	5.6%
Transportation .....	378	0.6%	102,296	0.4%	519	0.5%	201,036	0.4%
Communications and Utilities .....	1,480	2.5%	1,960,097	7.3%	11,723	10.8%	3,557,949	7.9%
Wholesale Trade .....	5,347	9.2%	2,857,954	10.7%	10,578	9.8%	5,087,766	11.4%
Retail .....	22,335	38.3%	15,457,745	57.5%	35,627	32.8%	25,784,902	57.6%
Finance, Insurance, and								
Real Estate .....	1,062	1.8%	339,793	1.3%	2,247	2.1%	412,926	0.9%
Services .....	14,945	25.6%	3,383,895	12.6%	24,678	22.8%	5,261,263	11.7%
Public Administration .....	84	0.1%	75,837	0.3%	169	0.2%	114,007	0.3%
Prior Period Payments, Refunds .....	7,045	12.1%	527,266	2.0%	12,143	11.2%	674,846	1.5%
Total Number of Filers and Total Taxable Sales, Services, and Use Tax Purchases .....	<u>58,388</u>	<u>100.0%</u>	<u>\$ 26,828,703</u>	<u>100.0%</u>	<u>108,341</u>	<u>100.0%</u>	<u>\$ 44,795,780</u>	<u>100.0%</u>
State Sales Tax Rate .....	4.875% except 2.00% for Communications and Utilities				4.75% except 2.00% for Communications and Utilities			

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for taxable sales, services, and use tax purchases is calendar year 2006.

**Revenue Payers — Personal Income Tax**  
**Most Current Calendar Year and Historical Comparison**

(Dollars Expressed in Thousands)

	Calendar Year 1996				Calendar Year 2005			
	<b>Number of Filers</b>	<b>Percent of Total</b>	<b>Tax Liability</b>	<b>Percent of Total</b>	<b>Number of Filers</b>	<b>Percent of Total</b>	<b>Tax Liability</b>	<b>Percent of Total</b>
<b>Adjusted Gross Income Class</b>								
\$10,000 and under .....	197,052	25.1%	\$ 6,032	0.5%	172,345	18.1%	\$ 2,966	0.1%
\$10,001–20,000 .....	152,901	19.5%	41,698	3.9%	156,705	16.5%	32,930	1.7%
\$20,001–30,000 .....	111,365	14.2%	74,296	6.7%	131,425	13.8%	72,808	3.5%
\$30,001–40,000 .....	86,391	11.0%	99,574	9.0%	101,126	10.6%	101,966	4.9%
\$40,001–50,000 .....	69,297	8.8%	116,294	10.5%	83,313	8.7%	126,544	6.1%
\$50,001–75,000 .....	101,952	13.0%	259,476	23.5%	146,033	15.3%	352,417	17.1%
\$75,001–100,000 .....	34,292	4.4%	131,851	12.0%	77,099	8.1%	291,907	14.2%
\$100,001–250,000 .....	26,036	3.3%	177,289	16.1%	70,982	7.5%	471,324	22.9%
Over \$250,000 .....	5,462	0.7%	196,508	17.8%	13,488	1.4%	609,171	29.5%
Total .....	<u>784,748</u>	<u>100.0%</u>	<u>\$ 1,103,018</u>	<u>100.0%</u>	<u>952,516</u>	<u>100.0%</u>	<u>\$ 2,062,033</u>	<u>100.0%</u>

Source: Utah State Tax Commission, for full-year residents only.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for personal income tax information is calendar year 2005.

**Personal Income Tax Rates**  
Last Ten Calendar Years**Schedule B-4**

	Calendar Year		
	1997 to 2000 <sup>1</sup>	2001 to 2005 <sup>1</sup>	2006 <sup>2</sup>
	Single and Married Filing Separately		
Tax Rate .....	2.30%	2.30%	2.30%
Income Levels .....	\$0–750	\$0–863	\$0–1,000
Tax Rate .....	3.30%	3.30%	3.30%
Income Levels .....	\$751–1,500	\$864–1,726	\$1,001–2,000
Tax Rate .....	4.20%	4.20%	4.20%
Income Levels .....	\$1,501–2,250	\$1,727–2,588	\$2,001–3,000
Tax Rate .....	5.20%	5.20%	5.20%
Income Levels .....	\$2,251–3,000	\$2,589–3,450	\$3,001–4,000
Tax Rate .....	6.00%	6.00%	6.00%
Income Levels .....	\$3,001–3,750	\$3,451–4,313	\$4,001–5,500
Tax Rate .....	7.00%	7.00%	6.98%
Income Levels .....	Over \$3,750	Over \$4,313	Over \$5,500
	Married Filing Joint, Head of Household, and Qualifying Widow(er)		
	1997 to 2000 <sup>1</sup>	2001 to 2005 <sup>1</sup>	2006 <sup>2</sup>
	Single and Married Filing Separately		
Tax Rate .....	2.30%	2.30%	2.30%
Income Levels .....	\$0–1,500	\$0–1,726	\$0–2,000
Tax Rate .....	3.30%	3.30%	3.30%
Income Levels .....	\$1,501–3,000	\$1,727–3,450	\$2,001–4,000
Tax Rate .....	4.20%	4.20%	4.20%
Income Levels .....	\$3,001–4,500	\$3,451–5,176	\$4,001–6,000
Tax Rate .....	5.20%	5.20%	5.20%
Income Levels .....	\$4,501–6,000	\$5,177–6,900	\$6,001–8,000
Tax Rate .....	6.00%	6.00%	6.00%
Income Levels .....	\$6,001–7,500	\$6,901–8,626	\$8,001–11,000
Tax Rate .....	7.00%	7.00%	6.98%
Income Levels .....	Over \$7,500	Over \$8,626	Over \$11,000

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution*, Article XIII, Section 5.<sup>1</sup> The Legislature passed structural reductions in the state income tax rate effective for calendar year 1997 and increased the income levels effective for calendar years 2001 through 2005.<sup>2</sup> The Legislature increased income levels and lowered the maximum tax rate effective for calendar year 2006.

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**State of Utah****Ratios of Outstanding Debt by Type**

Last Six Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities</b>				
General Obligation Bonds .....	\$ 1,474	\$ 1,624	\$ 1,510	\$ 1,515
State Building Ownership Authority				
Lease Revenue Bonds .....	342	332	336	309
Capital Leases .....	12	13	23	21
Total Governmental Activities .....	<u>1,828</u>	<u>1,969</u>	<u>1,869</u>	<u>1,845</u>
<b>Business-type Activities</b>				
Student Assistance Programs Revenue Bonds .....	1,227	1,311	1,398	1,545
Water Loan Revenue Bonds .....	4	3	1	—
State Building Ownership Authority				
Lease Revenue Bonds .....	23	22	23	31
Total Business-type Activities .....	<u>1,254</u>	<u>1,336</u>	<u>1,422</u>	<u>1,576</u>
Total Primary Government .....	<u>\$ 3,082</u>	<u>\$ 3,305</u>	<u>\$ 3,291</u>	<u>\$ 3,421</u>
Debt as a Percentage of Personal Income <sup>1</sup> .....	5.30%	5.56%	5.17%	4.88%
Amount of Debt Per Capita (expressed in dollars) <sup>1</sup> .....	\$ 1,307	\$ 1,369	\$ 1,333	\$ 1,343
<b>Net General Obligation Bonded Debt</b>				
General Obligation Bonds .....	\$ 1,474	\$ 1,624	\$ 1,510	\$ 1,515
Less: Restricted Debt Service Funds .....	(6)	—	—	—
Net General Obligation Bonded Debt .....	<u>\$ 1,468</u>	<u>\$ 1,624</u>	<u>\$ 1,510</u>	<u>\$ 1,515</u>
Net General Obligation Bonded Debt as a Percentage of				
Taxable Property Value <sup>2</sup> .....	1.22%	1.29%	1.17%	1.12%
Amount of Net General Obligation Bonded				
Debt Per Capita (expressed in dollars) <sup>1</sup> .....	\$ 623	\$ 673	\$ 612	\$ 595

Sources: Utah State Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Planning and Budget – Demographics.

Note: Only principal debt is included. Not included are premiums, discounts, and deferred amounts on refundings.

Ratios of outstanding debt by type, presented separately by governmental and business-type activities, are only available beginning in fiscal year 2002 when the State implemented GASB Statement 34.

<sup>1</sup> Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data.

<sup>2</sup> The percentage of Net General Obligation Bonded Debt based upon taxable property value is presented for comparative purposes. The State does not presently levy ad valorem property taxes for General Obligation Bonded Debt, but is authorized to do so in accordance with Title 59, Chapter 2, Part 901 of the *Utah Code*. See Schedule C–3 for taxable property value.

## Schedule C-1

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Fiscal Year	
2006	2007
\$ 1,377	\$ 1,237
293	274
20	18
<u>1,690</u>	<u>1,529</u>
2,138	2,138
—	—
38	37
<u>2,176</u>	<u>2,175</u>
<u>\$ 3,866</u>	<u>\$ 3,704</u>
5.09%	4.48%
\$ 1,478	\$ 1,378
\$ 1,377	\$ 1,237
—	—
<u>\$ 1,377</u>	<u>\$ 1,237</u>
0.95%	0.73%
\$ 527	\$ 460



**State of Utah****Other Long-Term Liabilities**

Last Six Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities</b>				
General Obligation Bonds .....	\$ 1,474,400	\$ 1,623,680	\$ 1,510,160	\$ 1,514,510
State Building Ownership Authority				
Lease Revenue Bonds .....	342,378	331,537	335,941	308,898
Net Unamortized Premiums .....	27,642	107,435	108,594	101,395
Deferred Amount on Refunding .....	—	(14,038)	(26,966)	(25,361)
Capital Leases .....	15,026	12,846	22,902	20,931
Contracts Payable .....	—	—	—	8,527
Compensated Absences .....	135,541	134,746	139,594	140,029
Postemployment Benefits <sup>1</sup> .....	213,633	216,442	240,538	—
Claims .....	126,709	43,659	40,423	44,673
Arbitrage Liability .....	99	103	—	—
Total Governmental Activities .....	<u>2,335,428</u>	<u>2,456,410</u>	<u>2,371,186</u>	<u>2,113,602</u>
<b>Business-type Activities</b>				
Revenue Bonds .....	1,231,460	1,313,605	1,398,520	1,544,830
State Building Ownership Authority				
Lease Revenue Bonds .....	22,858	22,341	23,330	30,672
Net Unamortized Premiums .....	269	265	237	1,061
Deferred Amount on Refunding .....	—	—	—	(464)
Capital Leases .....	96	—	—	—
Claims and Uninsured Liabilities .....	—	—	5,201	6,025
Arbitrage Liability .....	36,830	52,884	61,766	66,411
Total Business-type Activities .....	<u>1,291,513</u>	<u>1,389,095</u>	<u>1,489,054</u>	<u>1,648,535</u>
Total Primary Government				
Other Long-term Liabilities .....	<u>\$ 3,626,941</u>	<u>\$ 3,845,505</u>	<u>\$ 3,860,240</u>	<u>\$ 3,762,137</u>

Note: Details regarding the liabilities listed above can be found in Note 10. Long-term Liabilities in the financial statements.

<sup>1</sup> Beginning in 2005 the Postemployment Benefits liability is no longer reported in the financial statements in preparation for the implementation of Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

## Schedule C-2

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Fiscal Year	
<u>2006</u>	<u>2007</u>
\$ 1,377,390	\$ 1,237,170
293,226	273,538
83,347	66,581
(21,546)	(17,732)
19,644	18,228
7,936	6,941
148,762	185,630
—	—
46,725	44,755
—	109
<u>1,955,484</u>	<u>1,815,220</u>
2,138,085	2,137,655
37,814	36,552
988	879
(415)	(365)
—	—
4,960	4,678
<u>67,845</u>	<u>72,487</u>
<u>2,249,277</u>	<u>2,251,886</u>
<u><u>\$ 4,204,761</u></u>	<u><u>\$ 4,067,106</u></u>

## State of Utah

### Legal Debt Margin

Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	1998	1999	2000	2001
Taxable Property, Taxable Value <sup>1</sup> .....	\$ 93,278	\$ 99,917	\$ 105,149	\$ 112,218
Taxable Property, Fair Market Value <sup>1</sup> .....	\$ 125,781	\$ 134,601	\$ 142,192	\$ 152,329
Debt Limit (Fair Market Value times 1.5%) .....	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount .....	1,887	2,019	2,133	2,285
Net General Obligation Bonded Debt <sup>2</sup> .....	1,202	1,252	1,212	1,146
Legal Debt Margin .....	<u>\$ 685</u>	<u>\$ 767</u>	<u>\$ 921</u>	<u>\$ 1,139</u>
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount .....	63.70%	62.01%	56.82%	50.15%

Source: Utah State Tax Commission.

Note: Article XIV, Section 5 of the *Utah Constitution* authorizes general obligation debt for purposes as authorized by the Legislature. Section 1 of the Article limits outstanding state general obligation debt to 1.5 percent of the fair market value of the taxable property in the State. Net General Obligation Bonded Debt includes premiums, discounts, and deferred amounts on refundings.

<sup>1</sup> Taxable property is assessed January 1 of each year. The value used for the fiscal year limitation is from the prior calendar year; assessed values as of January 1, 2006, are used for fiscal year 2007.

<sup>2</sup> Prior to fiscal year 2002, only principal debt is included; not included are premiums, discounts and deferred amounts on refundings.

### Statutory Debt Limit

Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	1998	1999	2000	2001
Appropriations Limitation Amount <sup>1</sup> .....	\$ 3,252,706	\$ 3,529,861	\$ 3,673,543	\$ 3,798,512
Limit (Appropriations Limitation Amount times applicable percentage) <sup>1</sup> .....	20.00%	20.00%	20.00%	20.00%
Statutory Debt Limit Amount .....	<u>650,541</u>	<u>705,972</u>	<u>734,709</u>	<u>759,702</u>
Net General Obligation Bonded Debt .....	1,202,310	1,251,525	1,212,325	1,146,000
Less: Exempt Highway Construction Bonds .....	<u>(600,000)</u>	<u>(908,000)</u>	<u>(908,000)</u>	<u>(908,000)</u>
Net General Obligation Bonded Debt Subject to Statutory Debt Limit .....	<u>602,310</u>	<u>343,525</u>	<u>304,325</u>	<u>238,000</u>
Additional General Obligation Debt Incurring Capacity .....	<u>\$ 48,231</u>	<u>\$ 362,447</u>	<u>\$ 430,384</u>	<u>\$ 521,702</u>

Source: Utah State Administrative Services, Division of Finance.

Notes: Article XIV, Section 5 of the *Utah Constitution* authorizes general obligation debt for purposes as authorized by the Legislature. In addition, Title 63, Chapter 38c of the *Utah Code* limits outstanding state general obligation debt to not exceed the applicable percentage (unless approved by more than two-thirds of both houses of the Legislature) of that fiscal year's appropriations limit. Net General Obligation Bonded Debt includes premiums, discounts, and deferred amounts on refundings.

<sup>1</sup> The 2004 Legislature made changes to the calculation of the appropriations limit which also necessitated changing the applicable percentage from 20 to 45 percent, effective for fiscal year 2004.

### Schedule C-3

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Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 120,332	\$ 125,437	\$ 129,345	\$ 135,827	\$ 144,519	\$ 168,812
\$ 163,186	\$ 170,776	\$ 176,541	\$ 185,620	\$ 198,983	\$ 233,013
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
2,448	2,562	2,648	2,784	2,985	3,495
1,498	1,714	1,589	1,588	1,437	1,284
\$ 950	\$ 848	\$ 1,059	\$ 1,196	\$ 1,548	\$ 2,211
61.19%	66.90%	60.01%	57.04%	48.14%	36.74%

### Schedule C-4

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Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 4,176,703	\$ 4,150,684	\$ 1,856,205	\$ 1,956,584	\$ 2,099,609	\$ 2,276,693
20.00%	20.00%	45.00%	45.00%	45.00%	45.00%
835,341	830,137	835,292	880,463	944,824	1,024,512
1,498,371	1,713,755	1,588,810	1,587,804	1,436,845	1,284,023
(1,000,450)	(1,020,049)	(980,811)	(957,093)	(877,979)	(790,567)
497,921	693,706	607,999	630,711	558,866	493,456
\$ 337,420	\$ 136,431	\$ 227,293	\$ 249,752	\$ 385,958	\$ 531,056

**Pledged Revenue Bond Coverage**  
Last Six Fiscal Years**Schedule C-5**

(Expressed in Thousands)

Fiscal Year	Gross Revenues <sup>1</sup>	Less Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage <sup>3</sup>
				Principal	Interest	
State Building Ownership Authority						
2007	\$ 216,553	\$ 160,798	\$ 55,755	\$ 1,261	\$ 1,670	19.02
2006	\$ 190,786	\$ 140,152	\$ 50,634	\$ 1,213	\$ 1,546	18.35
2005	\$ 168,751	\$ 126,850	\$ 41,901	\$ 1,149	\$ 1,176	18.02
2004	\$ 159,726	\$ 118,545	\$ 41,181	\$ 798	\$ 1,063	22.13
2003	\$ 146,493	\$ 110,603	\$ 35,890	\$ 539	\$ 683	29.37
2002	\$ 145,875	\$ 110,207	\$ 35,668	\$ 553	\$ 611	30.64
Water Loans						
2007	\$ —	\$ —	\$ —	\$ —	\$ —	—
2006	\$ —	\$ —	\$ —	\$ —	\$ —	—
2005	\$ 9,796	\$ 8,611	\$ 1,185	\$ 1,060	\$ 37	1.08
2004	\$ 9,160	\$ 6,613	\$ 2,547	\$ 1,580	\$ 117	1.50
2003	\$ 8,975	\$ 6,873	\$ 2,102	\$ 1,495	\$ 201	1.24
2002	\$ 9,132	\$ 5,716	\$ 3,416	\$ 4,540	\$ 465	0.68
Student Assistance Programs <sup>4</sup>						
2007	\$ 146,108	\$ 33,211	\$ 112,897	\$ 430	\$ 97,729	1.15
2006	\$ 118,044	\$ 37,810	\$ 80,234	\$ 40,420	\$ 64,807	0.76
2005	\$ 83,093	\$ 31,944	\$ 51,149	\$ 3,710	\$ 33,404	1.38
2004	\$ 67,550	\$ 35,645	\$ 31,905	\$ 43,640	\$ 18,797	0.51
2003	\$ 69,561	\$ 41,346	\$ 28,215	\$ 36,110	\$ 23,507	0.47
2002	\$ 72,451	\$ 22,216	\$ 50,235	\$ 7,540	\$ 29,367	1.36

Notes: Details regarding the State's outstanding bonds can be found in Note 10. Long-term Liabilities in the financial statements.

Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, pledged revenue bond coverage is only available beginning in fiscal year 2002.

<sup>1</sup> Revenues for State Building Ownership Authority are primarily lease rental payments. Revenues for Water Loans are primarily interest on revolving loan receivables. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

<sup>2</sup> Operating Expenses do not include interest, depreciation, or amortization expenses.

<sup>3</sup> Coverage equals net available revenue divided by debt service.

<sup>4</sup> Only the Student Loan Purchase Program bonds are presented.

**Demographic and Economic Indicators**  
 Last Ten Calendar Years

Calendar Year	Population (in Thousands)				Unemployment Rate		Utah
	Utah		U.S.		Utah	U.S.	Net
	Number	Change	Number	Change			Migration
1998	2,142	2.0%	275,854	1.2%	3.8%	4.5%	9,745
1999	2,193	2.4%	279,040	1.2%	3.7%	4.2%	17,584
2000	2,247	2.5%	282,217	1.1%	3.4%	4.0%	18,612
2001	2,306	2.6%	285,226	1.1%	4.4%	4.8%	23,848
2002	2,358	2.3%	288,126	1.0%	5.7%	5.8%	17,299
2003	2,414	2.4%	290,796	0.9%	5.7%	6.0%	18,568
2004	2,469	2.3%	293,638	1.0%	5.2%	5.5%	18,367
2005	2,547	3.2%	296,507	1.0%	4.3%	5.1%	40,647
2006	2,615	2.7%	299,399	1.0%	2.9%	4.6%	28,730
2007 (est.)	2,687	2.8%	302,093	0.9%	2.7%	4.6%	31,800

Calendar Year	Personal Income (in Millions)				Per Capita Income (in Dollars)			
	Utah		U.S.		Utah		U.S.	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
1998	\$ 47,019	7.7%	\$ 7,415,709	7.4%	\$ 21,955	5.6%	\$ 26,883	6.1%
1999	\$ 49,343	4.9%	\$ 7,796,137	5.1%	\$ 22,500	2.5%	\$ 27,939	3.9%
2000	\$ 53,561	8.5%	\$ 8,422,074	8.0%	\$ 23,842	6.0%	\$ 29,843	6.8%
2001	\$ 56,594	5.7%	\$ 8,716,992	3.5%	\$ 24,546	3.0%	\$ 30,562	2.4%
2002	\$ 58,172	2.8%	\$ 8,872,871	1.8%	\$ 24,667	0.5%	\$ 30,795	0.8%
2003	\$ 59,412	2.1%	\$ 9,150,320	3.1%	\$ 24,615	-0.2%	\$ 31,467	2.2%
2004	\$ 63,613	7.1%	\$ 9,711,271	6.1%	\$ 25,762	4.7%	\$ 33,072	5.1%
2005	\$ 70,167	10.3%	\$ 10,284,378	5.9%	\$ 27,545	6.9%	\$ 34,685	4.9%
2006	\$ 75,913	8.2%	\$ 10,966,808	6.6%	\$ 29,029	5.4%	\$ 36,630	5.6%
2007 (est.)	\$ 82,745	9.0%	\$ 11,671,000	6.4%	\$ 30,793	6.1%	\$ 38,634	5.5%

Sources: Population—Utah Population Estimates Committee at July 1 each year. The 2007 estimate is from the Utah Revenue Assumption Committee. Personal Income—U.S. Department of Commerce, Bureau of Economic Analysis; and Utah Department of Workforce Services. The 2007 estimate is from the Utah Revenue Assumption Committee.

Note: Per capita personal income is calculated by dividing total personal income by population; amounts may not be exact due to rounding.

**Principal Employers****Schedule D-2****Most Current Calendar Year and Historical Comparison**

<b>Entity Name</b>	<b>Calendar Year 1997</b>			<b>Calendar Year 2006</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of All Employees</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of All Employees</b>
Intermountain Health Care (IHC) .....				20,000 +	1	2.2%
State of Utah .....	20,000 +	1	2.1%	20,000 +	2	1.9%
University of Utah (includes Hospital) .....	15,000–19,999	3	1.6%	15,000–19,999	3	1.5%
Brigham Young University .....	15,000–19,999	2	1.6%	15,000–19,999	4	1.4%
Wal-Mart Stores .....				10,000–14,999	5	1.3%
Hill Air Force Base .....	7,000–9,999	4	0.9%	10,000–14,999	6	1.0%
Granite School District .....	7,000–9,999	5	0.8%	7,000–9,999	7	0.8%
Jordan School District .....	7,000–9,999	6	0.8%	7,000–9,999	8	0.7%
Davis County School District .....	5,000–6,999	7	0.7%	7,000–9,999	9	0.7%
Utah State University .....	7,000–9,999	8	0.7%	7,000–9,999	10	0.6%
Autoliv .....	5,000–6,999	9	0.7%			
U.S. Postal Service .....	5,000–6,999	10	0.6%			
Total Employees of						
Principal Employers .....	103,000		10.5%	145,670		12.1%

Source: Utah Department of Workforce Services.

Note: Number of employees is based on a calendar year average.

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**State of Utah**

**Composition of Labor Force**

Last Seven Calendar Years

	Calendar Year			
	2000	2001	2002	2003
<b>Nonagricultural Jobs</b>				
Government .....	185,349	190,117	195,246	196,537
Mining .....	7,291	7,209	6,880	6,670
Construction .....	72,309	71,620	67,838	67,599
Manufacturing .....	125,784	122,092	113,873	112,291
Trade, Transportation, and Utilities .....	219,823	219,954	216,032	213,970
Information .....	35,927	33,514	31,004	30,016
Financial Activity .....	58,731	62,214	63,352	64,674
Professional and Business Services .....	139,533	136,646	131,912	131,910
Education and Health Services .....	104,855	109,520	113,696	118,379
Leisure and Hospitality .....	95,391	98,328	100,943	99,634
Other Services .....	29,886	30,471	32,970	32,451
Total Nonagricultural Jobs .....	<u>1,074,879</u>	<u>1,081,685</u>	<u>1,073,746</u>	<u>1,074,131</u>
Civilian Labor Force .....	1,104,208	1,161,070	1,180,007	1,188,279
Total Employed .....	1,068,371	1,110,359	1,107,946	1,121,088
Unemployed .....	35,837	50,711	72,061	67,191
Unemployment Rate .....	3.4%	4.4%	5.7%	5.7%

Source: Utah Department of Workforce Services

Note: The U.S. Bureau of Economic Analysis switched from the Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS) beginning in calendar year 2001. The Utah Department of Workforce Services provided calendar year 2000 data that conforms to the NAICS groupings.

### Schedule D-3

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Calendar Year		
2004	2005	2006
198,877	202,355	204,483
7,083	8,472	10,024
72,631	81,673	95,164
114,765	117,244	123,064
219,212	225,850	234,797
30,272	32,105	32,541
65,040	67,584	71,469
138,220	146,681	154,834
123,282	128,595	134,410
102,031	104,222	108,477
32,915	33,241	34,651
<u>1,104,328</u>	<u>1,148,022</u>	<u>1,203,914</u>
1,203,459	1,268,075	1,311,073
1,140,498	1,214,150	1,272,801
62,961	53,925	38,272
5.2%	4.3%	2.9%

## **State of Utah**

### **Public Education Student Enrollment (K–12)**

Last Ten Academic Years

	Academic Year			
	1997–98	1998–99	1999–2000	2000–01
Elementary .....	298,901	253,401	254,922	256,429
Secondary .....	180,250	223,660	221,052	218,840
Total All Grades .....	<u>479,151</u>	<u>477,061</u>	<u>475,974</u>	<u>475,269</u>

Source: State of Utah Office of Education

Note: Public Education Student Enrollment count is based on October 1<sup>st</sup> counts.

### **Public Higher Education Enrollment**

Last Ten Academic Years

	Academic Year			
	1998–99	1999–2000	2000–01	2001–02
University of Utah .....	25,017	25,792	26,180	27,664
Utah State University .....	19,322	20,865	21,490	23,001
Weber State University .....	14,136	15,444	16,378	17,258
Southern Utah University .....	5,725	6,025	5,963	6,095
Salt Lake Community College .....	19,765	21,271	22,118	24,220
Utah Valley State College .....	18,174	20,062	20,946	22,609
Dixie State College of Utah <sup>1</sup> .....	5,455	6,191	6,515	7,255
College of Eastern Utah .....	2,617	2,692	2,704	2,746
Snow College .....	3,318	4,081	4,092	4,096
Utah College of Applied Technology .....	<u>37,371</u>	<u>41,099</u>	<u>37,443</u>	<u>37,210</u>
Total All Institutions .....	<u>150,900</u>	<u>163,522</u>	<u>163,829</u>	<u>172,154</u>

Source: Utah State Board of Regents

Note: Utah Higher Education Enrollment count is based on fall semester third week headcounts.

<sup>1</sup> Dixie State College of Utah included summer term headcounts for academic years prior to 2006–07.

**Schedule D-4**


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Academic Year					
<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
259,328	262,168	266,666	273,163	283,972	295,252
218,473	218,975	220,272	222,519	226,040	230,835
<u>477,801</u>	<u>481,143</u>	<u>486,938</u>	<u>495,682</u>	<u>510,012</u>	<u>526,087</u>

**Schedule D-5**


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Academic Year					
<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
29,992	29,936	30,479	30,558	30,511	29,797
22,848	23,474	23,908	23,107	23,623	24,421
18,654	19,167	18,875	18,334	18,642	18,306
5,881	6,048	6,672	6,859	7,029	7,057
23,873	24,154	25,711	25,551	25,129	25,144
23,609	23,803	24,149	24,487	23,305	23,840
7,473	7,682	8,564	9,114	5,967	5,944
2,646	2,692	2,471	2,179	2,220	2,078
3,768	4,036	4,108	4,113	4,179	3,745
37,660	35,549	25,817	25,199	19,389	N/A
<u>176,404</u>	<u>176,541</u>	<u>170,754</u>	<u>169,501</u>	<u>159,994</u>	<u>140,332</u>

**State of Utah****Full-Time Equivalent State Employees by Function**

Last Ten Fiscal Years

	Fiscal Year			
	1998	1999	2000	2001
General Government				
Government Operations <sup>1</sup> .....	1,239	1,301	1,302	1,321
Tax Commission .....	791	829	859	884
All Other .....	140	156	144	144
Human Services and Youth Corrections .....	4,190	4,341	4,530	4,605
Adult Corrections .....	2,088	2,119	2,169	2,243
Public Safety				
Department of Public Safety .....	1,015	1,074	1,105	1,106
Utah National Guard .....	150	172	180	202
State Courts .....	1,160	1,112	1,111	1,127
Health and Environmental Quality				
Department of Health .....	995	1,055	1,101	1,144
Department of Environmental Quality .....	390	389	396	404
Employment and Family Services .....	1,703	1,796	1,702	1,772
Natural Resources .....	1,185	1,167	1,192	1,191
Community and Culture <sup>1</sup> .....	309	306	287	302
Business, Labor, and Agriculture .....	639	646	663	688
Education				
Public Education Support .....	961	991	1,042	1,061
Higher Education Support .....	153	155	160	158
Transportation .....	<u>1,925</u>	<u>1,897</u>	<u>1,888</u>	<u>1,895</u>
Total Full-time Equivalent State Employees .....	<u><u>19,033</u></u>	<u><u>19,506</u></u>	<u><u>19,831</u></u>	<u><u>20,247</u></u>

Source: Utah State Administrative Services, Division of Finance

<sup>1</sup> In fiscal year 2006, the Legislative action created the Governor's Office of Economic Development; this action shifted employees from community and culture to the government operations function.

## Schedule E-1

Fiscal Year					
2002	2003	2004	2005	2006	2007
1,344	1,297	1,295	1,292	1,345	2,074
872	835	846	844	852	764
145	144	127	132	147	152
4,706	4,543	4,630	4,697	4,644	4,521
2,253	2,159	2,228	2,234	2,319	2,316
1,171	1,166	1,211	1,182	1,159	1,151
223	227	252	245	247	246
1,125	1,053	1,056	1,073	1,077	1,077
1,189	1,207	1,271	1,289	1,295	1,231
416	408	397	403	406	382
1,850	1,889	1,993	1,999	1,931	1,729
1,219	1,215	1,266	1,273	1,319	1,304
297	267	262	251	188	187
701	701	703	712	716	706
1,066	1,055	1,088	1,129	1,176	1,159
160	147	154	177	200	230
<u>1,951</u>	<u>1,871</u>	<u>1,829</u>	<u>1,762</u>	<u>1,768</u>	<u>1,691</u>
<u><u>20,688</u></u>	<u><u>20,184</u></u>	<u><u>20,608</u></u>	<u><u>20,694</u></u>	<u><u>20,789</u></u>	<u><u>20,920</u></u>

## State of Utah

### Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year			
	1998	1999	2000	2001
<b>General Government</b>				
Government Operations				
Construction Projects Managed .....	758	745	654	638
Tax Commission				
Percent of Data Managed Electronically .....	8.1%	10.5%	15.7%	20.1%
Number of Returns Filed Electronically .....	68,180	94,599	146,914	191,565
Motor Vehicle Registrations (in thousands) .....	2,259	2,333	2,382	2,383
<b>Human Services and Youth Corrections</b>				
Food Stamp Recipients <sup>1</sup> .....	181,943	174,984	171,872	181,501
Percent of Population .....	8.5%	8.0%	7.6%	7.9%
Juveniles, Daily Average in Justice System Placement .....	N/A	N/A	1,355	1,288
Rate of Recombitment to Juvenile Custody .....	N/A	N/A	10.2%	10.2%
<b>Adult Corrections</b>				
Incarcerated Offenders <sup>1</sup> .....	5,064	5,215	5,573	5,590
Supervised Offenders <sup>1</sup> .....	9,962	10,699	10,690	11,025
Utah Incarceration Rate (per 100,000 population) .....	205	245	254	230
US Incarceration Rate (per 100,000 population) .....	461	476	478	470
<b>State Courts</b> <sup>2</sup>				
State Court Filings .....	414,493	414,953	374,700	350,633
State Court Dispositions .....	393,403	391,536	418,277	354,961
<b>Health</b>				
Children's Health Insurance Program Enrollment .....	N/A	6,003	14,612	21,366
Medicaid Eligible (unduplicated) .....	217,775	222,114	222,360	235,813
Percent of Population .....	10.2%	10.1%	9.9%	10.2%
<b>Employment and Family Services</b>				
Individuals Registered for Employment .....	219,758	239,833	264,113	252,520
Percent Who Entered Employment .....	N/A	N/A	N/A	N/A
<b>Natural Resources</b>				
Hatchery Fish, Pounds Raised .....	N/A	N/A	N/A	862,442
Hunting and Fishing Licenses Sold (in thousands) <sup>1 3</sup> .....	N/A	N/A	N/A	408,587
State Park Visitations (in thousands) .....	6,879	6,767	6,555	6,075
<b>Business, Labor, and Agriculture</b>				
Department of Commerce				
Licenses and Registrations Issued <sup>4</sup> .....	222,494	219,048	243,661	249,927
Department of Agriculture and Food				
Dairy Farm Inspections .....	2,062	2,098	1,601	1,369
Pounds of Turkey Inspected and Graded (in thousands) ...	107,392	136,473	118,837	81,279
Gas Pumps and Scales Inspected .....	19,713	20,451	14,046	20,434
<b>Higher Education</b>				
Number of Certificates and Degrees Awarded .....	21,575	19,361	21,114	22,327
<b>Transportation</b>				
Percent of Roads Which are Deficient (see page 120) <sup>1</sup> .....	6.8%	7.3%	10.7%	8.3%
Vehicles Weighed or Inspected (in thousands) .....	4,723	4,989	4,473	5,467

Source: Various departments of the State and Utah State Board of Regents.

Note: N/A = Not Available

<sup>1</sup> Data is provided on a calendar year basis.

<sup>2</sup> State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.

<sup>3</sup> Includes only licenses for elk, deer, fishing and all other big game. Year 2007 is an estimate.

<sup>4</sup> Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

## Schedule E-2

Fiscal Year					
2002	2003	2004	2005	2006	2007
757	886	844	782	828	909
27.3%	33.5%	42.1%	48.3%	54.4%	N/A
263,337	325,077	409,249	482,443	565,851	N/A
2,464	2,524	2,657	2,732	2,818	2,955
209,209	233,836	255,284	263,502	253,586	N/A
8.9%	9.7%	10.3%	10.3%	9.7%	N/A
1,231	1,208	1,203	1,239	1,128	1,150
9.8%	10.3%	9.4%	7.3%	9.5%	6.8%
5,434	5,687	5,875	6,148	6,325	N/A
11,392	11,514	11,519	11,798	12,158	N/A
233	240	246	240	240	N/A
476	482	486	488	497	N/A
342,794	313,340	294,376	300,049	283,724	275,020
338,551	323,235	317,015	339,664	263,703	240,180
24,674	24,854	28,443	28,924	35,259	31,998
249,447	249,745	276,813	286,983	287,559	274,710
10.6%	10.3%	11.2%	11.3%	11.0%	10.2%
263,218	259,914	256,934	266,105	250,855	202,642
62%	62%	61%	66%	70%	72%
810,513	887,546	930,071	893,497	1,062,512	1,181,200
373,381	360,285	366,256	366,341	415,066	432,214
5,640	4,573	4,414	4,458	4,390	4,465
251,982	250,295	257,140	262,216	291,162	309,106
1,453	1,145	1,087	1,089	1,054	N/A
88,989	88,780	69,371	92,650	88,544	N/A
21,602	23,913	22,510	37,892	26,394	N/A
25,026	25,999	30,801	30,093	30,463	30,182
6.6%	6.4%	6.2%	6.3%	11.3%	N/A
5,647	5,462	5,456	5,528	5,796	6,358



## State of Utah

### Capital Asset Statistics by Function

Last Six Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
<b>General Government</b>				
Buildings .....	306	307	313	319
Vehicles .....	7,422	7,339	7,368	7,354
Data Processing Equipment and Software .....	3,727	3,927	2,048	2,116
Reproduction and Printing Equipment .....	750	872	1,013	1,011
<b>Human Services and Youth Corrections</b>				
Data Processing Equipment and Software .....	78	81	84	86
<b>Adult Corrections</b>				
Data Processing Equipment and Software .....	186	183	185	188
Security and Surveillance Equipment .....	44	44	43	41
<b>Public Safety</b>				
Department of Public Safety				
Vehicles .....	29	21	22	28
Data Processing Equipment and Software .....	189	95	117	129
Medical and Lab Equipment .....	187	109	116	122
Utah National Guard				
Buildings .....	198	199	201	202
<b>State Courts</b>				
Data Processing Equipment and Software .....	146	148	151	80
Audio Visual Equipment .....	107	141	163	188
<b>Health and Environmental Quality</b>				
Department of Health				
Data Processing Equipment and Software .....	285	276	214	229
Medical and Lab Equipment .....	152	159	172	189
Department of Environmental Quality				
Monitoring and Lab Equipment .....	238	250	247	279
<b>Employment and Family Services</b>				
Department of Workforce Services				
Data Processing Equipment and Software .....	235	226	289	351
<b>Natural Resources</b>				
Division of Parks and Recreation				
State Parks .....	39	39	39	40
Buildings .....	527	562	634	626
Vehicles .....	216	239	248	258
Division of Wildlife Resources				
Wildlife Management Areas .....	87	87	87	87
Fish Hatcheries .....	11	11	11	11
Buildings .....	166	185	192	167
Vehicles .....	89	93	107	117
<b>Business, Labor, and Agriculture</b>				
Data Processing Equipment and Software .....	98	94	91	100
Monitoring and Lab Equipment .....	88	90	101	107
<b>Transportation</b>				
Highway Center Line Miles .....	5,855	5,799	5,733	5,724
Buildings .....	297	299	308	315
Vehicles .....	742	693	701	737
Heavy Equipment .....	1,827	1,892	1,991	2,158

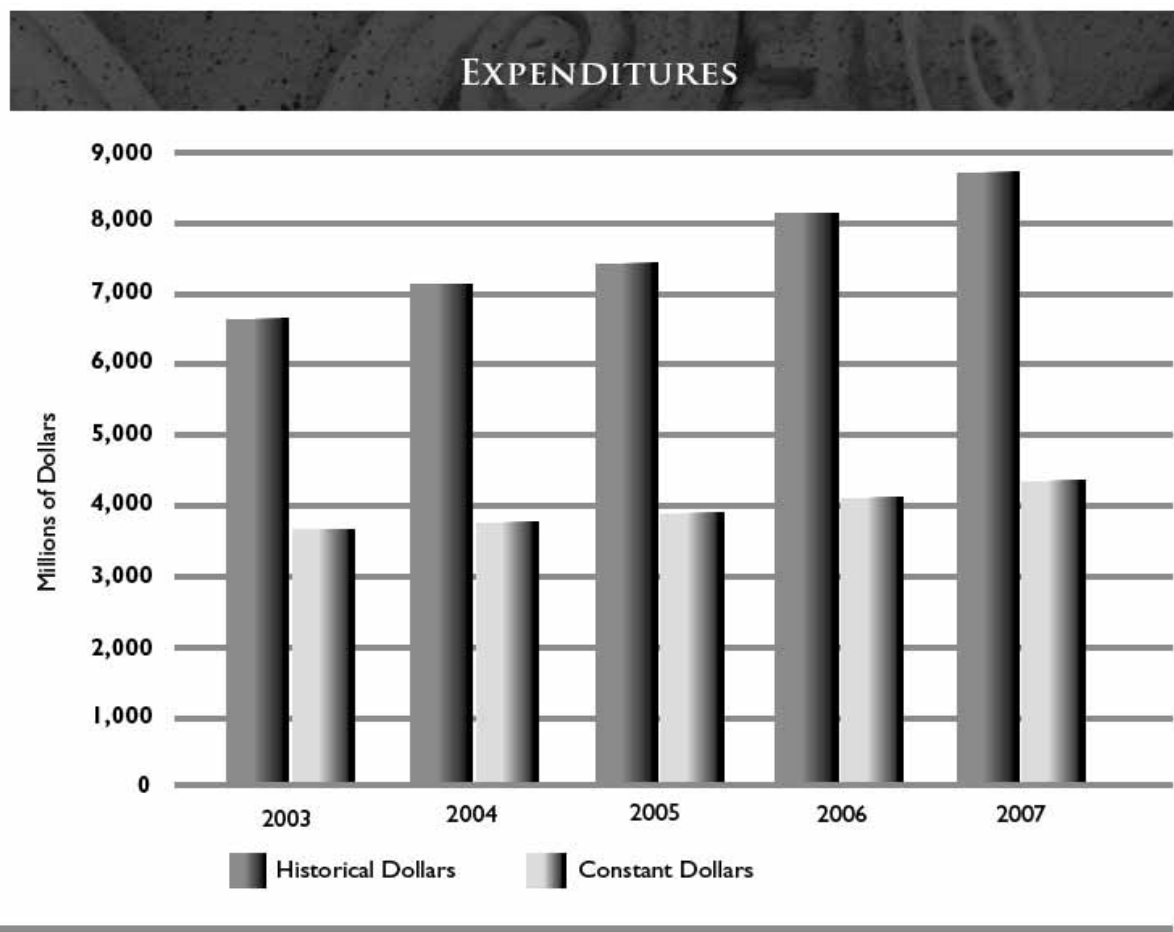
Source: Utah State Administrative Services, Division of Finance and various departments of the State.

Note: Capital asset statistics by function are only available beginning in fiscal year 2002 when the State implemented GASB Statement 34.

### Schedule E-3

Fiscal Year	
2006	2007
319	288
7,376	7,376
2,179	2,156
1,011	948
75	72
192	189
40	43
35	28
135	121
133	140
204	192
85	86
190	190
215	216
204	203
295	304
370	424
42	42
622	642
269	296
87	87
11	11
167	164
136	142
94	94
108	107
5,680	5,777
336	343
770	812
2,346	2,462

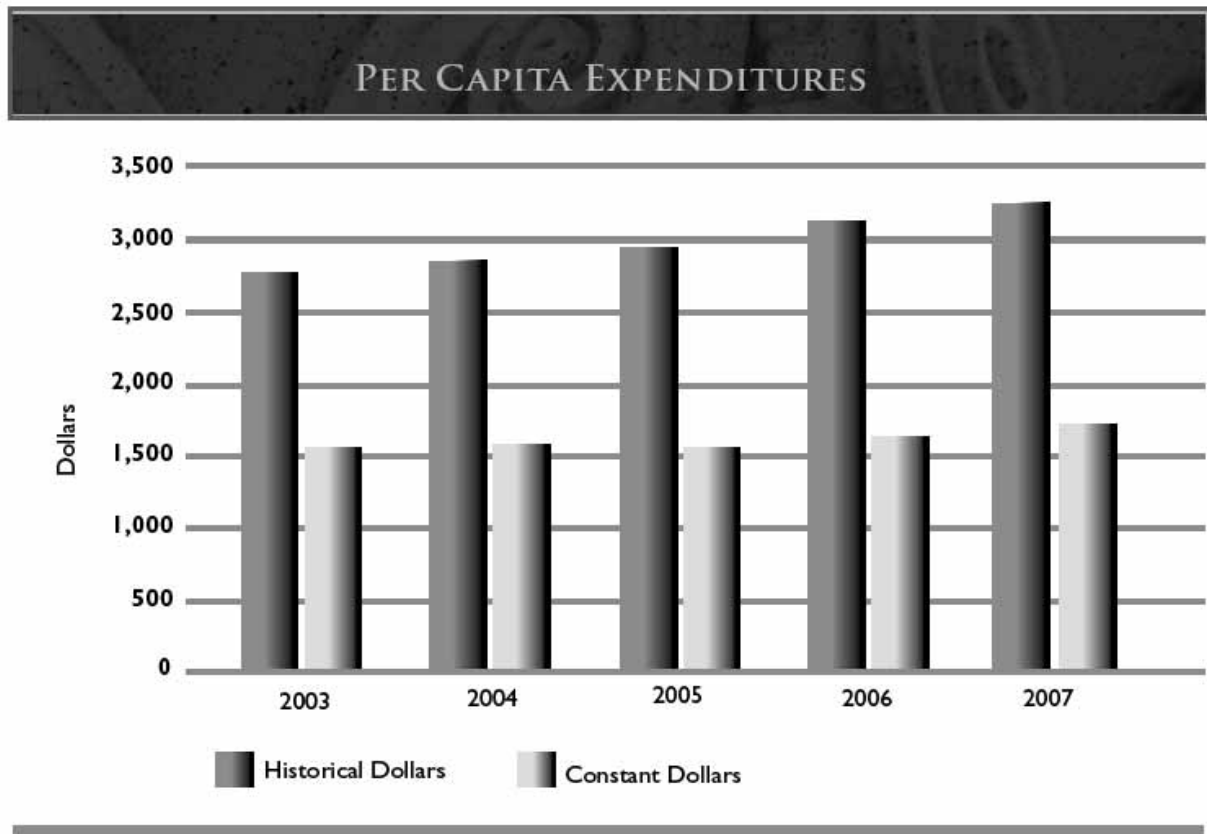
**Expenditures — Historical and Constant Dollars**  
**All Governmental Fund Types**  
 Last Five Fiscal Years



Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2003	\$ 6,703	1.6%	\$ 3,681	(0.6%)
2004	\$ 7,070	5.5%	\$ 3,799	3.2%
2005	\$ 7,490	5.9%	\$ 3,909	2.9%
2006	\$ 8,119	8.4%	\$ 4,080	4.4%
2007	\$ 8,772	8.0%	\$ 4,297	5.3%

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

**Per Capita Expenditures — Historical and Constant Dollars**  
**All Governmental Fund Types**  
 Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2003	\$ 2,777	(0.8%)	\$ 1,525	(2.9%)
2004	\$ 2,864	3.1%	\$ 1,539	0.9%
2005	\$ 2,941	2.7%	\$ 1,535	(0.3%)
2006	\$ 3,105	5.6%	\$ 1,560	1.6%
2007	\$ 3,265	5.2%	\$ 1,599	2.5%

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982-84 = 100.

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